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Salvadoran Admits to Battle At Site of Alleged Massacre

By Juan M. Vasquez
Los Angeles Times Service
SAN SALVADOR — Defense Minister Gen. José Guillermo García has conceded for the first time that government soldiers fought a battle last December around the village of Morazan, where leftist rebels claim that a massacre took place.

Insurgent sources and the rebel radio station have said that government troops killed about 1,000 civilians in the village during a sweep of Morazan province, a rebel stronghold.

Gen. García also declared in an interview Wednesday that it is in the United States' interest to provide its country with military aid. "El Salvador could be another Nicaragua," he said, "and if El Salvador falls, so will Central America."



President Reagan greeted reporters Thursday at the White House as the eighth news conference of his presidency began.

Reagan Insists Policies Will Heal U.S. Economy

WASHINGTON — President Reagan said Thursday that high interest rates pose "the greatest single threat" to the U.S. economy but insisted that his embattled tax and budget programs will pull the nation from recession.

The president also declared during a news conference that he has "no plans to send American combat troops into action" in El Salvador or anywhere else around the world. He declined to spell out, however, the U.S. options for support of the ruling Salvadoran junta, which is besieged by leftist guerrillas.

Mr. Reagan said: "I just don't believe that you discuss those options of what you may or may not do, because that would reduce U.S. leverage."

Focus of Geneva Arms Talks: Public Opinion

By John F. Burns
New York Times Service
MOSCOW — The United States and the Soviet Union have dismissed each other's opening bids in the European missile negotiations, leaving the impression that the talks are hopelessly bogged down after only 10 weeks.

The Russians dismissed his proposals as a ruse to obtain advantage, and when negotiations resumed they focused on more modest goals. Ultimately, the second treaty to limit strategic arms — those of intercontinental range — fell victim to other strains in U.S.-Soviet relations, but some diplomats believe that the Vance initiative may have prompted Soviet strategists to give serious thought to the benefits of deep cuts.

Although Soviet news organizations have been promoting ambitious proposals for the elimination or reduction of nuclear weapons for many years, Soviet negotiators have generally taken a more cautious approach. Recently, however, more than one American visitor has been told that the Soviet leadership regrets having rejected the Vance proposals without fuller consideration.

There could be several reasons. One is Mr. Reagan's weapons program, which appears to have persuaded the Kremlin that it is headed for a new arms race unless new limits are negotiated. Compounding this is the appalling state of the Soviet economy, which makes any further shift of resources to the military sector painful for Soviet leaders.

Schmidt Sees a Danger Of European Instability

By John Vinocur
New York Times Service
BONN — Chancellor Helmut Schmidt contends that Western European society is in danger of political and social "destabilization" as a result of the world's current economic crisis.



Helmut Schmidt

Deng Appears Again After 37 Days

By Christopher S. Wren
New York Times Service
PEKING — The Chinese leader Deng Xiaoping emerged Thursday after an absence of 37 days and declared that a revolution was under way to streamline the bloated state bureaucracy.

Mr. Deng, whose last reported appearance here was on Jan. 12, appeared at a meeting and subsequent luncheon with Prince Norodom Sihanouk, the exiled Cambodian ruler.

In reporting Mr. Deng's reappearance, the Chinese press agency said that he had acknowledged that there was speculation abroad about his long rest.



Deng Xiaoping, right, accepts a basket of flowers from Prince Norodom Sihanouk at a Peking reception marking Mr. Deng's reappearance in public after an absence of more than a month.

Asked what steps he might take in addition to current U.S. military aid and advice for El Salvador, Mr. Reagan said: "I just don't believe that you discuss those options of what you may or may not do, because that would reduce U.S. leverage."

Mr. Schmidt also declared during a news conference that he has "no plans to send American combat troops into action" in El Salvador or anywhere else around the world. He declined to spell out, however, the U.S. options for support of the ruling Salvadoran junta, which is besieged by leftist guerrillas.

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Citicorp Escapes U.S. Legal Action on Currency Dealings

By Jeff Gerth
New York Times Service
WASHINGTON — The Securities and Exchange Commission last month declined to bring a civil action against Citicorp despite staff findings that the bank's top management had directed a scheme for seven years that had circumvented and at times violated other countries' tax and currency laws, according to SEC documents and government officials.

The SEC's enforcement staff had recommended the civil action. After a three-year investigation, the enforcement staff concluded that between 1973 and 1980 at least \$46 million in profit from currency transactions had been improperly shifted from the bank's branches in Europe, where taxes are high, to branches in the Bahamas, where taxes on profit are much lower.

These shifts were often accomplished through convoluted transactions, the staff charged. If, for instance, the bank's branch in London sold Deutsche marks at an artificially low rate to a Bahamas branch, the effect would be to reduce the London branch's profit and increase the earnings registered in the Bahamas.

Further, they contended, because Citicorp had never represented to stockholders or investors that its senior management had "honesty and integrity," it had no legal duty to disclose breaches of these qualities.

The SEC officials also argued, according to documents used by the commission, that Citicorp's pursuit of profit it knew to be probably unlawful was "reasonable and standard business judgment."



Walter B. Wriston

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Mexico Reported to Train a Force To Defend Its South and Oil Fields

By Marilee Simons
Washington Post Service

MEXICO CITY — Mexico has begun training a 4,000-man quick-reaction force to defend the country's southern border and oil fields against the possible intrusion of Central America's turbulent guerrilla wars, according to official sources here.

The force is the latest stage of an effort to expand and modernize the Mexican armed forces, which past governments have kept deliberately small and relatively powerless.

Over the past three years, the army has grown by 25 percent to 120,000 soldiers. In August, the first six of 12 F-5 jet fighters are due for delivery from the United States, and about 100 Mexican personnel are receiving U.S. training on the planes. The sale of the planes originally was opposed by the Carter administration on the basis of longstanding U.S. policy against the introduction of advanced aircraft into the region, but it eventually approved the sale.

The \$110-million deal will provide a substantial boost for Mexico's antiquated air force and provide the first major step beyond the military requirements considered necessary to maintain internal order.

Other Purchases

Mexico also has purchased at least 40 Mopar anti-tank vehicles from France and ordered about 60 Fiat planes from Switzerland. Although the single-engine planes normally are used as trainers, sources close to the Mexican military said these will be armed for possible combat purposes.

The government reportedly is shopping in the United States for a radar air-defense system.

Both civilian and military officials here are becoming convinced that Mexico cannot escape the shock waves from the south. Informed sources here said the quick-reaction force will have the capacity to respond to a crisis anywhere in Mexico within hours. In particular, it could quickly reinforce troops stationed in the southern Mexican states bordering Guatemala should that country's escalating guerrilla war spill over the frontier.

Although Mexican foreign policy has tended to be supportive of guerrilla movements in Nicaragua and El Salvador, Mexican officials are known to be increasingly concerned about the situation in Guatemala. The government now estimates that since December, as many as 2,000 Guatemalans a week have sought refuge in the south.

Authorities, fearing that Mexico will become a base for Guatemalan guerrilla activities, or that the Guatemalan military will cross the border in pursuit of the rebels, have increased their patrols in the difficult jungle region. Occasional reports of arms smuggling via

Mexico into Guatemala have not been confirmed.

According to one source, the purpose of the force is twofold: "To act against a professional army in a regular war, and to operate in irregular, guerrilla warfare." The force will be distributed at air bases throughout the country, and will have a capacity "to be at the oil fields within three hours."

Training now under way includes jungle exercises, paratrooper tactics and the use of radar. Although the Mexican military operated successfully against a large rural guerrilla group in the state of Guerrero in 1973 and 1974, it has not had to confront a major enemy inside or outside the country for decades. Mexico has long recognized it cannot defend itself against the United States, and does not seriously contemplate attacks from any of its smaller neighbors.

At the same time, sources familiar

with military strategy say the country's oil fields cannot be defended from sabotage or from surprise attacks.

But sources who know the thinking of the discreet Mexican military say that the creation of the reaction force and the general military buildup are partly a matter of pride and prestige, and partly a reaction to a sense of uneasiness as turmoil in the region grows.

An official who discussed the force said it was not expected to affect the now-established Mexican tradition of separating the military from politics.

In private, Mexican politicians frequently comment that Guatemala, with whom Mexico has tense relations, has much smaller but better and more experienced military forces than Mexico, and that, while Mexico has become an oil power, with reserves the third largest in the West, its military has not grown accordingly.

Reagan Will Deliver Speech on Caribbean Tuesday at OAS

By Bernard Gwertzman
New York Times Service

WASHINGTON — President Reagan plans to deliver his long-awaited speech on improving the well-being of the Caribbean area Tuesday to the Organization of American States, according to White House officials.

Although the administration is deeply concerned about the continuing civil strife in El Salvador and other countries, and alleged Cuban- and Soviet-sponsored subversion in the region, a White House official described the latest draft of the speech Wednesday as "95 percent" devoted to economic programs.

Mr. Reagan is expected to work on the draft this weekend, and he may include some tough language on Cuba and Nicaragua, as reportedly recommended by the State Department, but it seems more likely that he will use another forum to express those concerns.

Officials said the so-called Car-

ibbean Basin plan includes provisions for allowing countries in the Caribbean, Central America and northern South America a virtually tariff-free market in the United States, except for textiles. In addition, Mr. Reagan is expected to ask Congress for \$300 million to \$350 million in emergency economic assistance for this fiscal year, with about a third going to El Salvador and a third to Costa Rica.

International Backing

With elections for a constituent assembly in El Salvador only six weeks away, the administration is trying to stimulate international backing for the hard-pressed government of President José Napoleón Duarte. The State Department on Wednesday welcomed a decision by the OAS to send three observers to monitor the elections.

Mr. Reagan met at the White House on Wednesday with Premier Wilfried Martens of Belgium,



RIG DISASTER — A lifeboat from the oil rig Ocean Ranger, which sank in the North Atlantic early Monday, was brought to St. John's, Newfoundland, as was the body of one of the 84 crewmen killed. A ship carrying diving bells was to leave Thursday to search for the Ranger and clues to its sinking, and two other oil rigs were ordered towed in for inspection.

who was visiting as president of the European Economic Community, to talk about economic problems. After their meeting, Mr. Reagan said they also "found great agreement and support with regard to our position in El Salvador and a recognition of what is at stake there."

Later, a Belgian official said that Mr. Martens, a Christian Democrat, indicated backing for the Salvadoran elections, which are being boycotted by guerrilla forces. The United States would like the EEC to send observers to the elections.

The components of the administration's Caribbean plan are expected to face difficulties in Congress. The removal of tariffs is sure to be challenged from sugar-growing states, for instance, and labor unions are not expected to support imports based on less expensive labor from the region.

In addition, debate is growing on Capitol Hill on whether additional aid should be given to El

Salvador, because of allegations that the Salvadoran military and police have carried out large-scale violations of human rights.

Rep. John P. Murtha, Democrat of Pennsylvania, who flew to El Salvador and Nicaragua last week as the special representative of House Speaker Thomas P. O'Neill Jr., said Wednesday that he found the Salvadoran government in a "critical situation" that warranted additional U.S. aid.

"Every single person I talked to came to the conclusion as long as there is Communist aid coming in to the other side, it is absolutely essential that American aid continue to El Salvador," Rep. Murtha said on NBC-TV. "I don't think we can quit unless we want to let El Salvador go down the drain."

Sen. Patrick J. Leahy, Democrat of Vermont, who was in El Salvador at the same time, said that a military solution there was impossible and that U.S. aid should continue until after the elections. "But

I think that after the elections we are going to have to have a major reassessment of the situation," he said on an ABC-TV program.

Secretary of State Alexander M. Haig Jr., who has refused to rule out the possibility of U.S. combat forces being introduced into the region, said on public television Tuesday night that Mr. Reagan "has already reassured the American people repeatedly that there are no current plans under way for the deployment or utilization of American military forces in Central America." But he said it was "self-defeating" to rule anything out.

When asked about the view of Defense Secretary Caspar W. Weinberger that the American public would not support military intervention, Mr. Haig said that "the conduct of American foreign policy cannot be the lowest common denominator of the populist view of our people."

Israeli Again Hits at Press Over Lebanon

New York Times Service

JERUSALEM — Zev Chafets, the director of Israel's Government Press Office, has criticized The New York Times for deleting from an interview his criticisms of the paper for not reporting the detention last summer of two of its correspondents by a Palestinian faction in Lebanon.

In the interview, published Sunday in The Times, Mr. Chafets cited several incidents in asserting that threats and violence by Palestinians and Syrians intimidated American and European news organizations. The Times story was among his examples.

The interview containing his criticisms of the paper was published Feb. 10 in The International Herald Tribune. The references to The Times, however, were not included in the article as published in The Times.

Mr. Chafets, calling the deletions self-censorship, has been distributing photocopies of the two versions of the article to Israeli and foreign journalists in Jerusalem, pointing out the two sentences that appeared in The Tribune but that were deleted from The Times.

One sentence read, "Mr. Chafets, who is American-born and has close friendships with many foreign correspondents in Jerusalem, made explicit criticisms of The New York Times, The Washington Post, the BBC and ABC-TV." The other sentence said, "Last summer, several American reporters in Beirut, including those from The New York Times and The Washington Post, were seized by a left-wing faction of the PLO, held for a number of hours and threatened and frightened, and this didn't get any coverage," Mr. Chafets complained.

Craig R. Whitney, deputy foreign editor of The New York Times, said the incident referred to by Mr. Chafets occurred late one night in July when five correspondents, including two from The Times, were stopped at a roadblock manned by a leftist faction of the Palestine Liberation Organization while the journalists were attempting to check reports of an Israeli amphibious landing south of Beirut.

The correspondents were detained until they could identify themselves the next day, when they were freed. "It is the policy of The Times to report difficulties encountered by its correspondents in the course of reporting only when the difficulties themselves become news," Mr. Whitney said, "and we did not consider this such a case, then or now."

Deng Reappears in Peking After 37 Days

(Continued from Page 1)

was in the second line of decision-making. Chinese officials rushed to explain privately that while the Chinese leader was leaving daily administrative tasks to others, he was still participating in broader policy decisions.

Mr. Deng said Thursday that aging government and party officials had become a pressing issue for China, which has no formal retirement policy. The Peking leadership's efforts to modernize the country's economy have been hampered by bureaucratic obstruction and inefficiency.

"We are determined to take it as a revolution," Mr. Deng was quoted as telling Prince Sihanouk. "Of

Mugabe Backers Exult Over Nkomo Dismissal

By John Edlin
The Associated Press

SALISBURY — Thousands of Prime Minister Robert Mugabe's supporters marched through central Salisbury Thursday in support of the firing of his coalition government partner, Joshua Nkomo.

Elsewhere, supporters of Mr. Nkomo expressed anger and shock at the ouster of the veteran nationalist leader.

Mr. Nkomo, president of the Patriotic Front, based on the minority Matibela tribe of western Zimbabwe, told reporters his party had quit the fragile 22-month coalition government to form an opposition to Mr. Mugabe's Zimbabwe African National Union.

Mr. Mugabe, whose party is founded on the majority Shona tribe, has 57 of the 100 seats in the national assembly and can alone pass routine legislation. But in the past he has needed Mr. Nkomo's 20 seats to muster the two-thirds majority required for constitutional changes.

Wednesday, Mr. Mugabe announced the dismissal from his 25-member Cabinet of Mr. Nkomo, who was minister without portfolio, two other Patriotic Front ministers and a junior minister from the party. He alleged that they were linked to huge arms caches intended to back a coup.

Mr. Nkomo, who has steadily denied the charges, told reporters he expected four other Patriotic Front ministers and junior ministers to quit and join the opposition. Mr. Mugabe said Wednesday

that the four were not involved in the alleged plot.

But at least one of the four, Deputy Manpower Minister Cephas Mupfema, said he would not resign. "My country comes first," he said.

The Mugabe supporters in Thursday's march, dancing and singing, carried placards calling for a one-party state, a goal of the prime minister, and demanding that Mr. Nkomo be detained, as have been about 15 whites in the last five months, for alleged subversion.

"They are not talking of a one-party state," an onlooker said bitterly. "They are talking of a one-trite state."

In Bulawayo, administrative capital of Matibeleland, most newspapers reporting Mr. Nkomo's dismissal were sold out early in the morning. "People here cannot believe that it's happened," said a woman who owns a dressmaking shop. "They're shocked and they're very angry."

The former supreme commander of the military wing of Mr. Nkomo's party, Soviet-trained Damiso (Black Russian) Dabengwa, told the Bulawayo Chronicle newspaper in an interview Thursday that arms had been hidden by former guerrillas for fear of civil war.

Mr. Dabengwa, who led Mr. Nkomo's guerrillas in a seven-year war to end white minority rule in this former British colony, said mistrust persists between guerrillas loyal to Mr. Nkomo and those loyal to Mr. Mugabe.

WORLD NEWS BRIEFS

Party Newspaper Bombed in Syria

Reuters

DAMASCUS — A car bomb exploded Thursday in the building housing the newspaper of Syria's ruling Ba'ath Party, and the government blamed the outlawed Muslim Brotherhood.

The state news agency said a small number of employees of the newspaper, Al-Baath, were slightly injured by flying glass. The agency said guards at the building, which also houses the Information Ministry, killed the man who parked the booby-trapped car.

The Defense Ministry said earlier Thursday that security forces had thwarted a Muslim Brotherhood uprising in Hama, although there was no word about re-opening of roads into the town, closed two weeks ago when the government operation started.

Palestinians Stone Israeli Vehicles

The Associated Press

TEL AVIV — Palestinians on the occupied West Bank of the Jordan River stoned Israeli vehicles Thursday in a second day of protests over the closure of Bir Zeit university near Ramallah.

According to Israeli military spokesmen, assailants smashed the windshield of an Israeli bus as it passed the Qalandia refugee camp on the northern outskirts of Jerusalem, and stones were thrown at an Israeli vehicle on its way to a Jewish settlement at Ofra, near Ramallah.

At the same time, the new U.S. envoy to the Palestinian autonomy negotiations, Richard Fairbanks, held a round of introductory talks in Jerusalem. Officials said Foreign Minister Yitzhak Shamir repeated Israel's aim of achieving some kind of agreement before April 25, the date Israel completes its evacuation of the occupied Egyptian Sinai Peninsula.

Murdoch Transfers Back Times Titles

New York Times Service

LONDON — Rupert Murdoch, the owner of The Times of London, agreed Thursday under government pressure to transfer the titles of The Times and The Sunday Times back from his holding company, News International Ltd.

The titles were quietly transferred last week to News International, triggering accusations that Mr. Murdoch planned to shut the two newspapers and reopen them with new staffs.

The publisher of the money-losing papers is trying to win a voluntary liquidation of 600 jobs. At first he set a deadline of 10 a.m. Thursday, but later indicated that talks would continue for at least several days.

Irish Republic Goes to Polls

The Associated Press

DUBLIN — The Irish Republic's 2.2 million voters went to the polls Thursday for the second time in eight months, but results will not be available until Friday afternoon. There was no clear indication that either of the two main political factions can win a workable majority in Parliament.

Prime Minister Garret FitzGerald called the election after his shaky Fine Gael-Labour coalition was defeated in January by 82 votes to 81 on budget proposals aimed at slashing a record foreign debt of £10 billion Irish (\$10.2 billion).

Struggle for Public Opinion Remains Crucial at Geneva

(Continued from Page 1)

Last four years, each with three warheads and a range of 3,000 miles, have added to their inventory a devastating weapon that has no Western counterpart. The deployment of a new generation of medium-range missiles in Western Europe starting late in 1983 is designed to counter the Soviet weapon.

According to the U.S. view, this would deprive them of much of the force that they have deployed against China and other potential adversaries. The Soviet leaders are also vexed by Mr. Reagan's refusal to include in the calculations the medium-range arsenals of Britain and France, mainly submarine-based missiles and bombers that make up an additional 250 systems by Soviet count.

No serious progress is likely before the two sides agree on what weapons systems should be counted.

Prince Sihanouk was quoted as responding that this is "truly an event of historic significance and a constructive revolution."

Premier Zhao Ziyang told visitors Wednesday that the shake-up was going much more smoothly than expected. Mr. Zhao, a protégé of Mr. Deng, said that "quite a few veteran comrades in high positions were being relieved of day-to-day duties and replaced by younger comrades who have ability, political integrity, professional knowledge and are in the prime of life."

While some people doubted that China could carry through such a reorganization, Mr. Zhao said, "We are full of confidence in doing a good job."

Guatemala Says Rebels Killed 53 in Village

The Associated Press

GUATEMALA CITY — The Guatemalan Army has reported that leftist guerrillas killed 53 Quiché Indians in a village while trying to collect a "war tax."

The bodies of the victims were found completely naked and with their throats cut by machetes, an army communiqué said Wednesday. It said 28 men, 11 children and 14 women — five of them pregnant — were killed Monday in the village of Chumuc in northwestern Guatemala.

The communiqué attributed the slayings to "an undetermined group of terrorist Communists in the village Chumuc, whose residents informed that groups of rebels constantly made incursions in the area to ask for what they call a 'war tax,' which consists of food supplies, medicine, as well as the forcible recruitment of young peasants."

The army's contention that guerrillas were responsible for the slayings could not be confirmed independently.

Patrols were sent out to hunt for the guerrillas, the army said.

Officials had said earlier that the

slayings took place in the neighboring village of Calante and that 43 people had been killed.

In that region of Guatemala all the villages outside the population center of Uspantán, 160 miles (256 kilometers) northwest of Guatemala City, are isolated because of the mountainous terrain. Aside from the communications difficulties, no explanation was given for the changes in the account of the slayings.

A witness, who declined to be identified, said the bodies were buried Tuesday in a common grave.

Gen. Manuel Benadict Lucas García, the brother of the president, Gen. Fernando Romeo Luján García, said a French passport found at the site of the massacre proved that "foreigners are involved with the guerrillas," but a French Embassy spokesman here said Wednesday it had been stolen from its owner two years ago.

Authorities in Huehuetenango, 80 miles northwest of Guatemala City, where a U.S. Roman Catholic missionary was slain Saturday, said guerrillas raided the nearby town of Malacatan and destroyed the town hall Wednesday morning. No deaths or injuries were reported.

National police also said guerrillas assassinated two paramilitary officers near San Jerónimo, 150 miles southwest of Guatemala City.

Exiles Back Leftists

MEXICO CITY (UPI) — A coalition of prominent Guatemalan opposition leaders living in exile has declared its support for leftist guerrillas seeking to overthrow what it called "the most repressive regime in Latin America."

The group of union leaders, priests, university professors, former government officials and other professionals said at a news conference Wednesday that it had voted to support the guerrillas. They called the group the Guatemalan Committee of Patriotic Unity.

The group includes Guillermo Toriello Gardío, who was the country's foreign minister in the late 1940s, and Luis Cardoza, 80, who served as Guatemala's ambassador to the Soviet Union, Chile and Colombia.

Getting Pregnant Is More Difficult Over Age 30, French Study Shows

Washington Post Service

WASHINGTON — A study released Thursday has discouraging news for women who delay having children: It documents a significant decline in the ability to get pregnant after the age of 30.

In the largest research project of its kind, scientists found that difficulties in conceiving are "slight but significant" among women in their early 30s and "marked" after 35.

Although it has long been assumed that fertility diminishes with age, it has been difficult to document whether this represents a true biological change or a decrease in sexual activity. The degree to which male reproductive potential plays a role has also complicated earlier studies.

The study, conducted in France by two Yale researchers, got around these difficulties by following more than 2,000 women whose husbands were sterile and who had been artificially inseminated.

The team found that the success rate of impregnation after 12 cycles of insemination — roughly a year — was about 73 percent for women 25 and under, and slightly higher for those 26 to 30. But among women 31 to 35, there was a drop to 61 percent, with the success rate down to 54 percent for those over 35.

The study has important implications because of the increasing number of women who have children at later ages. "Perhaps the third decade should be devoted to childbearing and the fourth to career development, rather than the converse, which is true for many women today," said an editorial accompanying the study results in the New England Journal of Medicine.

Church Reported to Suspect Poland Will Round Up Priests

Reuters

BONN — Concern is mounting in Poland's Roman Catholic Church that the government may soon seek to curb church influence through wide-scale arrests of priests and other measures, informed church sources in West Germany said Thursday.

The sources, who declined to be identified, said they had information that Polish security authorities had already drawn up lists of priests who would be detained in such a crackdown.

They said they had been told that preparations were being made to discredit the church by using secretly tape-recorded sermons that had been edited to sound like declarations of loyalty to the leadership of Gen. Wojciech Jaruzelski.

[The martial law authorities renewed their attack Thursday on the clergy, accusing some priests of reviving "old sources of conflict,"

The Associated Press reported from Warsaw.

[The attack came in a Radio Warsaw commentary that was broadcast Wednesday and Thursday. It accused some "lower Catholic clergy" of reviving the "old sources of conflict," which it identified as "the issue of religion and religious symbols in public places, state institutions and schools."

[It said those conflicts had been "resolved by law over 20 years ago after much public discussion. Yet it appears that attempts have again emerged to revive" them. The radio also criticized the church for speaking out against the intervention of leaders of the independent labor organization Solidarity, the AP reported.]

The West German Catholic sources, who have been in contact with the Polish church officials, intellectuals and members of Solidarity, said they were told that 600 East German security men were sent to Poland to help when martial law was imposed Dec. 13.

The East Germans were involved in editing tapes, tapping telephones and setting up a communications network for use by the authorities, the sources said.

Visits Reported

The sources said the church leaders were concerned about reports that Polish security men had recently visited monasteries and other Catholic institutions in Poland.

Aide Admits Battle Fought

(Continued from Page 1)

round the Reagan administration if U.S. ground forces were introduced in large numbers.

"There are none at the moment," Gen. García said when asked about Argentine advisers in El Salvador. "But it is not a remote possibility that there might be. Our relations with Argentina are excellent.... I believe it is logical to think that, if it were to become necessary, we could go to them for help."

Inside Help

He confirmed reports that military officials suspect that insurgents who carried out a devastating attack on the military airfield of Hoango in late January had inside help.

"There is an investigation, so you can assume that someone is under arrest but perhaps only provisionally, temporarily, while an investigation is carried out," Gen. García said.

On the matter of the reinstated reactionaries, Col. Adolfo Majano, an ousted government member of the junta that took over in 1979, has charged that 40 of the 60 officers fired for reactionary sentiments at the time have been reinstated.

Gen. García said that only a few — "I could count them on one hand" — have been allowed back into the armed forces.

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Cosmos 1,339 Launched
United Press International
MOSCOW — The Soviet Union on Thursday launched Cosmos 1,339, an unmanned space research satellite, Tass reported.

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U.S. Businessmen Balk at a Soviet Trade Ban

By Dan Morgan
Washington Post Service

WASHINGTON — The U.S. Chamber of Commerce has broken with hard-liners in the Reagan administration over their effort to delay or block construction of the multibillion-dollar Soviet natural gas pipeline to Western Europe.

In a letter sent to President Reagan Feb. 5 and made public Wednesday, the chamber's president, Richard L. Lesher, warned that the administration appeared to be on the brink of a "profound change" in policy that could be likened to a strategy of economic warfare against the Soviet Union.

Mr. Lesher, whose organization is a mainstay of support for the administration on most issues, said that a policy of denying hard currency to the Soviet Union by hampering its energy exports would raise a "new and unprecedented issue which goes to the core of U.S. policy on East-West trade," and he urged the president to consult the business community before adopting such a stance.

However, even as the chamber was rallying in support of East-West trade, Reagan administration officials Wednesday were considering asking the Western allies to go along with a new kind of economic sanction against Moscow.

Virtues of Option

Under this plan, Western European governments would agree to cut off new credits and loan guarantees to the Soviet Union — a step that probably would force Moscow to pay cash for Western technology and equipment, since private banks presumably would be reluctant to extend credit without government backing.

Officials supporting this option say it has several virtues. It would allow the Western Europeans to go on selling nonstrategic equipment and technology to the Soviet Union. Up to now the allies have refused to go along with U.S. requests to limit the sale of billions of dollars worth of equipment for the Siberian pipeline, arguing that too many jobs were at stake.

At the same time, however, it would force the Soviet Union onto a cash basis in business dealings with the West. Some officials contend that this would, in turn, make the Soviet Union sacrifice re-

sources such as gold and diamonds to pay for Western imports.

A European source said that while this would not end future East-West business deals it would slow them down considerably, since the Soviet Union and other East European countries count heavily on foreign credits to finance their trade.

Hermes, the West German government insurance agency, has guaranteed substantial amounts of the West German bank loans for the Soviet pipeline project. And it has also guaranteed \$1.8 billion of the \$4.6 billion in West German loans to Poland.

Earlier Proposal

An earlier proposal backed by hard-liners in the administration would involve extending the Dec. 30 sanctions against U.S. exports of equipment for the gas pipeline to European companies that manufacture such equipment with U.S. licenses.

In his letter to Mr. Reagan, the president of the Chamber of Commerce said that such extraterritorial controls "will only aggravate further our already poor interna-

tional reputation for commercial reliability."

The letter was the strongest sign yet of the business community's concern over the administration's East-West trade policy. The administration has been torn for weeks between its basic sympathies for business and its desire to reduce the Western economic relationship with the Soviet bloc.

At a breakfast meeting with reporters Wednesday, the chairman of the chamber, Donald Kendall, said he "totally disagreed" with the president's opposition to construction of the pipeline.

Mr. Kendall is head of PepsiCo, a firm that does substantial business in the Soviet Union. "Do you want economic warfare with the Soviet Union?" he said, adding that he was sure that that is what the assistant secretary of commerce, Lawrence J. Brady, and the assistant secretary of defense, Richard N. Perle, want. They have argued for tougher economic sanctions.

"I certainly question whether the government should put its long arm into another sovereign country and force it to accept these sanctions," he said.



Gen. David C. Jones, chairman of the Joint Chiefs of Staff.

U.S. Joint Chiefs Head Seeks to Change System

By Charles Mohr
New York Times Service

WASHINGTON — Gen. David C. Jones, chairman of the Joint Chiefs of Staff, says he will try during his last months in office to achieve "some substantial changes" in the organization and workings of the Joint Chiefs system, seeking more authority for the chairman and more unified military planning.

Gen. Jones will finish his second two-year term as chairman in June and cannot be reappointed to the post in peacetime. He previously served four years as Air Force chief of staff.

He said he was not seeking a classical "general staff" system on the European model, nor unification of the branches of the armed services, but modest changes in the present system, which has been changed only marginally since its establishment in 1947. Gen. Jones outlined his thinking in an article for a business publication, Directors and Boards, and at a meeting with reporters Wednesday.

The Joint Chiefs of Staff comprise the chairman, the chief of naval operations, the Army and Air Force chiefs of staff and the commandant of the Marine Corps. They are served by a staff of slightly more than 1,300 officers and enlisted personnel from the four services and some civilians.

Each of the four service chiefs also commands a separate service, competing for scarce budget money and served by a very large "service staff" with more interest in its own institution than in interservice problems.

One of Gen. Jones' major recommendations is to limit the involvement of the single-service military staffs in the working of the Joint Chiefs.

"When a service chief acts on a service matter he should receive advice from his service staff and when he acts on a joint matter he should receive his advice from the joint staff," Gen. Jones wrote. "However, since the beginning, service chiefs have relied almost exclusively on their service staffs in preparing for joint meetings."

The general said he was not advocating a major shift of power to the chairman. The services would still generate their own budget requests and command their component units. The chairman would have a somewhat larger personal staff and could "advise the secretary of defense on an integrated, overall strategy ... the decision authority would still be with the secretary."

The Joint Chiefs are required by law to make a formal report to the secretary of defense when they cannot agree. Gen. Jones said Wednesday that this leads to strong pressure to arrive at bland consensus.

He said the aim of his proposals

was to improve planning and innovation in dealing with strategy and military readiness. The current system, he contended, emphasizes budget matters and "efficient" peacetime management of the services. Changes in strategy tend to threaten traditional service roles or a redistribution of money, he said.

The requirements for unanimity have also helped prevent a broad interservice view in the joint staff, Gen. Jones said, noting that studies cannot even be begun until agreement is reached on "the terms of reference for a study."

He contended that there should be more incentives and rewards for duty on joint military affairs, including the joint staff and joint combat commands. Senior officers now usually serve less than two years on the joint staff and lower ranks 30 months, with their future promotions and assignments controlled by their mother services.

Gen. Jones suggested that the Joint Chiefs chairman be given limited influence on assignments and promotion for officers who serve in joint military work. He admitted that the individual services would be likely to resist such a plan.

About one-third of Gen. Jones' ideas would require legislation.

Atomic Agency Head Says Efforts to Curb Nuclear Spread Are at 'Critical Juncture'

By Judith Miller
New York Times Service

VIENNA — Hans Blix, director general of the International Atomic Energy Agency, said several countries could soon acquire nuclear weapons but that there is little more his agency can do to stop them than it is already doing.

Mr. Blix asserted that the international effort to curb the spread of atomic weapons was at a "critical juncture" and said the agency had repeatedly expressed concern about the nuclear activities and aspirations of four nations in particular, India, Pakistan, South Africa and Israel.

In an interview, Mr. Blix, a former Swedish foreign minister who became director of the 110-member agency in December, defended it against recent criticism but gave a candid and sober assessment of the limited role it could play in dissuading nations from acquiring atomic weapons.

There is no evidence, Mr. Blix said, that Pakistan has been diverting fuel from its civilian reactor to nonpeaceful purposes. But he said the agency's board of governors had received two reports saying that monitoring arrangements were no longer adequate and that the agency could no longer provide reliable assurances that nuclear material was not being diverted.

Agency officials said privately that Mr. Blix was preparing to submit a third, similar report to the 34-member board on Feb. 23, when the governing body meets for the first time since Mr. Blix became director general.

He expressed concern that the agency could become a scapegoat should another country detonate a nuclear explosive. He underscored the "clear limitations" of the agency's responsibilities.

The agency has no authority, for example, to inspect or search for undeclared nuclear facilities in member states, he said. The agency cannot force members to sign the Nonproliferation Treaty of 1970, under which 115 nations have pledged not to develop nuclear weapons and to open all of their civilian nuclear installations to agency inspection.

Mr. Blix said the agency was "an alarm system, not a police organization," and could only draw attention to countries that were signaling their intention to develop atomic weapons.

He continued, had the "unintended but undesirable consequence" of encouraging nations such as Argentina, South Korea, Mexico and Brazil to pursue acquisition of independent processing and enrichment technologies that would increase their ability to make nuclear devices should they decide to do so.

Mr. Blix noted that the next 10 to 20 years would be a critical period for efforts to stop the spread of nuclear weapons. He warned that there would be either what he called a "dynamic evolution" of international acceptance of safeguards or "an acceleration of patterns of insecurity" that would lead to a rush to develop nuclear weapons.



Hans Blix

Limited Mandate

In outlining what he terms the agency's limited and "technical" mandate, Mr. Blix appeared to call into question the Reagan administration's policy of assigning major responsibility for stopping nuclear arms proliferation to the agency, a United Nations organization that both promotes nuclear power and monitors nuclear fuel and facilities to assure that they are not being used for military purposes.

The administration is relying heavily on agency inspections to allay concerns about its policy of promoting American nuclear exports to developing countries.

"At the same time, however," Mr. Blix strongly endorsed a major element of President Reagan's policy against the spread of nuclear weapons, which focuses U.S. diplomatic initiatives on mitigating security concerns that could lead countries to acquire a nuclear capability.

Under Inspection

According to Mr. Blix, India, Pakistan, South Africa and Israel were of the most immediate concern. None of the four, he noted, was willing to sign the Nonproliferation Treaty. India detonated an atomic device in 1974, and all four countries either have or are building facilities that they refuse to submit to agency inspection. They are resisting what Mr. Blix termed some "reasonable demands" by the agency to permit its declarations about the countries' activities to be credible.

Anomalies at Reactor

Nevertheless, Mr. Blix disclosed that the agency had made "no progress" in its six-month effort to persuade Pakistan to permit installation of additional cameras and measuring devices to safeguard guards at a 135-megawatt nuclear reactor near Karachi.

The agency made its request after it detected what it called anomalies.

McCarthy Tactics

Mr. Hart's opinions on "abortion, radical feminism and the desirability of special rights for homosexuals are not palatable to the liberal establishment," Father Rueda told a news conference.

Paul Weyrich, executive director of the Committee for the Survival of a Free Congress, accused Mr. Hart's opponents of using "McCarthy tactics" to sabotage the nomination and argued that the evangelist's conservative views would balance the commission.

Mr. Weyrich maintained that most previous commissioners, who have included law school deans, newspaper editors and southern

Pilots in Quebec Lose French Option

MONTREAL — Pilots and air controllers no longer have the legal right to use French on the job, the Quebec Court of Appeals has ruled in another round of a five-year debate over language to be used by aircraft.

The 2-to-1 decision by the Appeals Court on Wednesday overturned a 1978 decision in Quebec Superior Court that forced Air Canada to allow its pilots to use French.

The earlier decision ruled that by 1980 the Canadian flag carrier should allow French to be used in the cockpit and in air-to-ground communications.

Ngao Marsh, 82, Detective Fiction Writer, Is Dead

CHRISTCHURCH, New Zealand — Dame Ngao Marsh, 82, the author of detective fiction, died at her home here Thursday, the Christchurch Press reported.

Also a respected theatrical producer, she wrote 30 successful books and her works are usually compared to those of Agatha Christie.

Dame Ngao's principal creation was the scholarly and polished detective Roderick Alleyn.

She was created a dame of the Order of the British Empire in 1966.

Adm. Paul H. Ramsey

CORONADO, California (AP) — Vice Adm. Paul H. Ramsey, 77, former air warfare director for the chief of naval operations and commander of Task Force 77, a group of a half-dozen attack carriers of the 7th Fleet, has died. He retired in 1966.

Alva 'Al' Dopking

COLUMBUS, Ohio (AP) — Alva "Al" Dopking, 73, a former Associated Press war correspondent who later served as a domestic bureau chief and general executive, died Wednesday after an apparent heart attack.

Nestor Chylak

DUNMORE, Pa. (UPI) — Nestor Chylak, 39, an American League umpire for 25 years and assistant supervisor of league umpires since 1979, died Wednesday.

Reagan Civil Rights Nominee Wins Support of New Right

Washington Post Service

WASHINGTON — The religious and political New Right has rallied around the nomination of B. Sam Hart, a black evangelist, to the U.S. Commission on Civil Rights.

In a joint statement Wednesday, leaders of 22 religious and political groups accused opponents of the nomination of "ideological racism" and urged President Reagan to "stand by Mr. Hart."

Civil rights, women's and homosexual groups as well as Mr. Hart's home state senators, John Heinz and Arlen Specter, Pennsylvania Republicans, protested the nomination last week after the Philadelphia radio evangelist said at a news conference that he opposes the Equal Rights Amendment, busing to integrate public schools and the concept of homosexual rights.

The Rev. Enrique Rueda, director of the Catholic Center of the Free Congress Foundation, said Wednesday the nomination has frightened liberals because Mr. Hart is a conservative. "He is not supposed to think the way he thinks," he said. "He is a round peg in a square hole."

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Theater in a Vacuum

The vacuum that is the Reagan administration's Middle East policy is hurting the president and the country. Into that vacuum pop the secretary of state and the secretary of defense, each cultivating a private departmental interest without even a pretense of sharing a common one. It is a terrific political theater to see two Cabinet officers vying with each other for bureaucratic supremacy virtually in full public view. But it is a damaging comment on President Reagan's disinclination to accept the responsibility of his office and govern. And it is also, from the point of view of the national interest, absurd.

The latest episode of the Haig-Weinberger follies centers on the visit by the secretary of defense to Jordan, where he at least raised the question of selling King Hussein top-of-the-line aircraft and missiles to keep him from shopping in Moscow. By the time Secretary Weinberger's purpose and the various remarks and asides of his party had filtered back to Washington, the Israelis were invoking their own nightmare of American abandonment, and President Reagan was forced to step in and calm things down.

There seems to be a real personality clash between Mr. Weinberger, who distinguishes between the Israeli "people" and the Israeli "government," and Menachem Begin, who makes no secret of his intense distrust of the secretary. This is unfortunate, but it is not crucial. What is crucial in this episode is that Mr. Weinberger was flying his own kite, seeking to strengthen American links with friendly Arab states, evidently without regard to previous American assurances to Israel or to Secretary Haig's own recent diplomatic visitations. How can it help the secre-

tary of state to nudge along the Palestinian autonomy talks if at that very moment the secretary of defense is pleading with an Arab leader who spurns those talks to accept the favor of hot new American arms?

Whatever his intent, Mr. Weinberger's effect was quite likely to bolster the Israeli hard line in ways that can lead to no good. Whether he will be appreciated in Arab quarters for having made the old college try or dismissed for not being able to deliver we don't know. But either way, how can it possibly help the secretary of state?

There is a sense, of course, in which not having a Mideast policy — a coordinated plan to pursue both diplomatic goals and security goals — is in itself a policy. The security side — the arms-selling, pact-making side — obviously has the strength under such conditions. To engage in this arms and pact business means closing ranks as much as possible with Arab states, demonstrating to them that the United States is loosening its special commitment to Israel, and accepting as natural and even desirable the inevitable consequent collisions with the Israelis. But this is an extraordinarily dangerous and reckless course, even a dishonorable one.

Fortunately, there is an alternative, a very difficult one. It entails seeing the region as a whole, pursuing security interests firmly but with due respect to the sensitivities of all states of the region, and accepting the political centrality of the need for Israeli-Palestinian coexistence. Right now, Mr. Reagan is over-engaged on the security side and inattentive on the political side. He is asking for trouble, and he is getting it.

THE WASHINGTON POST.

OPEC and the Saudis

For years, everybody has been calling OPEC a cartel. Now the world is going to find out whether that is correct. A true cartel is capable of enforcing production cuts to keep up its prices. That is what a cartel is for. The question of reducing production is now under discussion — rather tense discussion, evidently — within OPEC. Like most of the questions that confront OPEC, its answer depends entirely on Saudi Arabia.

There is nothing obscure about the cause of OPEC's troubles. Extraordinarily high prices are having the usual effect. Consumers around the world are making do with less oil, and producers outside OPEC are pumping more of it. OPEC, so far, has carried the whole burden of adjustment. Its production is down about one-third since the last great crisis in 1979. That is an enormous decline. The first stages of it were easy enough. By 1979 several of the OPEC governments were selling more oil than good conservation policy dictated, and they were not unhappy to choke back the flow. Then Iran and Iraq went to war with each other, with another sharp decrease in world production.

But as the need for reductions continues, it begins to threaten the development requirements of some countries, such as Nigeria, and the military ambitions of others, such as Libya. That is why the producers have begun

to discount their prices in anxious efforts to maintain the flow of cash. And that is why all eyes turn toward the Saudis.

When they forced the rest of OPEC to conform to their price policy last fall, there was an implicit bargain that they would protect those prices from erosion. At the time, the Saudis lowered their production. But now the market is again heavily oversupplied. If Saudi output does not come down, and quite a lot, prices are going to keep falling. It is true that Saudi Arabia currently has far more money than needed, but it is also true that the country has become accustomed to a life that spends far more money than needed.

That leaves the Saudi rulers with an interesting choice. Meanwhile, smart people will remember that the great oil price escalation of the 1970s resulted from three political events — an Arab-Israeli war, an Iranian revolution and an Iranian-Iraqi war. Smart people will keep in mind that there may be more unexpected events ahead in the Middle East, the world's least stable region. Those people will regard lower oil and gasoline prices as the most fragile kind of good fortune, and they will keep shifting away from dependence on oil — knowing that, next month or next year, for utterly unpredictable reasons, the price may once again be rising.

THE WASHINGTON POST.

Time to Act on Minerals

Americans cheered last March when President Reagan declared himself eager to reduce dependence on imported minerals. The U.S. economy had paid a high price for failure to prepare for the oil shocks of 1974 and 1979. A wise society would guard against such disruptions in other critical materials.

But a strategic minerals policy has yet to emerge from the White House. And there is growing doubt about the administration's commitment or its technical capacity to translate oratory into cost-effective reform. What is needed is a close analysis, mineral by mineral, of the consequences of import dependence and the practical alternatives.

On its face, the problem seems manageable. The economy depends on hundreds of minerals, a few dozen of which come mostly from abroad. Government stockpiles would reduce vulnerability to supply disruptions. So would more domestic production, which government might encourage. That, surely, is what Reagan hoped to do.

Product by product, however, it is difficult to measure national vulnerability or estimate the adequacy of stockpiles. It is known, for example, how much manganese is consumed each year by industry. It is not really known how much of American industry would be disrupted if denied manganese. Those who minimize the problem point to the ease with which substitutes were found when cobalt supplies from Zaire were cut off in 1978.

In making these judgments, many also fear the influence of special economic interests.

Government stockpiles of silver, for example, are undoubtedly excessive, but producers are blocking any sale therefrom in order to hold up prices. Other mining companies want to be subsidized to extract cobalt from low-grade domestic ores. And Western congressmen are clamoring for the right to open ecologically fragile lands to mining.

So the experts disagree about the specifics of a sound policy. The principles that should govern, however, are fairly clear:

- Stockpiles should come first. There is a good reason for importing some minerals available at home — it is cheaper. For the same reason, it would generally be cheaper to build stockpiles from foreign sources than to subsidize more domestic production.

- Private solutions are preferable. The U.S. government should protect the country against import disruptions that would affect defense industries. But there is no obvious reason why the government should have to maintain mineral inventories, free of charge, for private enterprises.

- Keep planning flexible. Changing technology can make any policy obsolete. There is no point, for example, in stockpiling bauxite, now that domestic industry has stopped using it in making aluminum. Continuing research will avoid such waste.

Reagan seems to understand that a sound minerals policy is an important element of defense. He should by now have seen some plans for turning sentiment into policy.

THE NEW YORK TIMES.



Russia — A Colossus In Colossal Trouble

By Stanley Karnow

WASHINGTON — The crack-down on the dissidence in Poland may have been a political triumph for the Soviet leaders, but they are paying an exorbitant economic price. The victory may cost more than it was worth.

The Polish crisis is imposing severe strains on the Soviet economy at a time when, because of its appalling weaknesses, it can least afford extra burdens.

Meanwhile, the trouble in Poland has badly damaged the other economies of Eastern Europe.

All this suggests, I believe, that Moscow will face increasing pressures during the period ahead. And its problems are likely to be aggravated by changes in its ruling hierarchy, as its old and ailing chiefs disappear and a power struggle takes place.

So it seems to me that the Soviet Union ought to be viewed as a desperately distressed giant and not, in the manner of the Reagan administration, as a colossus capable of world domination.

Big Borrowing
In recent weeks the Russians have been selling unusually large quantities of gold, diamonds and oil on Western markets in an urgent effort to raise cash for bigger imports of grain from the West, after a third disastrous harvest in a row. Estimates are they will buy 43 million tons of grain this year from the United States and other Western producers.

The funds are also destined to prop up Poland, whose economy had been collapsing even before its labor unions began to rise in protest. Soviet assistance to Poland until now has probably exceeded \$10 billion, part of it earmarked to service the huge Polish debt to Western banks.

Moscow has also been borrowing enormous sums in the West to finance such projects as the planned natural gas pipeline from Siberia to Western Europe. Soviet loans for the pipeline total more than \$2 billion, and the Kremlin asked West German banks for additional credit in December.

Under the weight of this load, the Russians have been forced to slash aid to their East European satellites. Not long ago, for instance, they cut oil deliveries to Eastern Europe by 10 percent, preferring instead to peddle the fuel in the West for hard currency.

The East Europeans have been suffering as well from the disarray in Poland, which has been unable to supply them with the coal, industrial equipment and food that are vital to their development.

Underlying this gigantic shambles is a basic reality. The Soviet Union, which once touted itself as the global model of the future, has proved a dismal economic failure. It is fair to surmise that its population might be better off today if the revolution had never occurred.

A fundamental flaw in the system is management. Fearful of a flexible structure that might threaten authority, Soviet leaders since the days of Stalin have relied on an overcentralized and conservative bureaucracy that cannot adapt to the country's diversity.

Military Load
Not only are Soviet bureaucrats egregiously corrupt in defense of their privileges, but their direction of the economy is marked by extravagant waste. As Anthony Robinson of London's Financial Times has pointed out, they have long been blind to the connection between production costs and prices. Striving to fulfill their aspirations, the Soviet leaders also devote scarce resources to a military establishment that may well be beyond their economic means.

Military expenditures now consume nearly 15 percent of the Soviet gross national product — roughly twice the proportion spent on defense by the United States, which is at least twice as rich.

Another expensive item in the Soviet budget is foreign ventures, such as aid to Cuba and Vietnam. The guerrilla war in Afghanistan is draining the Kremlin's treasury just as Vietnam clobbers the American taxpayer.

The worst Soviet disaster, though, has been agriculture — a victim of Communist ideology that holds that peasants should not be motivated by material incentives, but must work out collective farms.

For the Soviet bosses to admit otherwise would be to confess that

Communism is a myth. Thus they squander their meager assets on imported grain, which is a very costly way to keep the faith.

To forecast the imminent end of the Soviet empire would be excessive. But President Reagan would enhance his credibility by depicting the great Communist experiment as it actually is — a mess of monstrous magnitude.

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Meanwhile, Fidel Castro has been sending quiet signals that he wants to extend contacts and negotiate with the United States. Nothing significant happened at the meeting last year between Secretary of State Alexander Haig and Cuba's vice president, beyond the fact of the meeting itself, officials say. Both sides simply repeated their old positions.

But recently Castro told a Republican congressman, Hamilton Fish, that he would take back criminals and sick people dumped on the United States during the 1980 exodus if a face-saving exchange were arranged. And he released four American prisoners.

The signs and gestures have been coldly received in Washington. There is a lot of talk about Cuba but little interest in talking to Cuba. It is taken for granted that Castro's overtures are a tactical attempt to defuse U.S. antagonism, not a genuine desire to improve relations and ease his country's total dependence on Moscow, as some foreign diplomats think.

Certainly, there is plenty of reason to worry about the future in the Caribbean basin. Ferment is developing through the area. To the extent that the United States is seen as hostile to urgently needed social change, and to some people that is how it looks, hostility to the United States is growing.

A spread of Cuban influence, backed by the Kremlin, would indeed represent a strategic threat. President Reagan will spell out America's promised Caribbean Basin Initiative next week. Drafts are still being revised at the White House, but the latest word is that the speech will offer trade incentives and not much else.

No doubt regional hopes are excessive. The United States and the industrial West could not simply cure impoverished, frustrated societies even if they had unlimited funds to offer. The main thing that development experts have learned in their trials is how hard it is to speed peaceful change.

But it is the only reliable way to improve regional security in the long run. In the short run, encouragement and sustained help make all the difference. Forcing people to choose sides in an East-West confrontation that seems irrelevant to their lives is a way to breed enemies.

A Canadian parliamentary commission that studied the area's urgent problems for nearly a year

concluded that "potentially the most dangerous threat to security in these regions [is] the growing confrontation between the United States and Cuba."

Change in the area is necessary and inevitable, the commission also said. "Any attempt therefore to characterize this process as derived essentially from an alien ideology should be resisted. Moreover, social change in these countries will evolve from a wide range of development models because of their rich and complex histories. It is unrealistic to expect them to blindly imitate the experience of

others. Canada should recognize and support such pluralism in Latin America and the Caribbean."

All Canadian parties were represented on the commission. They were saying, in effect, that the United States is making a mistake in the recent Cuban and Communist challenge rather than a human and social challenge.

Why is Washington on such a different tack, and what does the administration hope to achieve with its threats and warnings? The more one looks into the facts, the harder it is to avoid suspicion that the administration is not talking foreign affairs at all but domestic politics.

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U.S. Grumbling About Cuba

By Flora Lewis

WASHINGTON — Omnipotent but ambiguous rumbles about what the United States might do to Cuba have become a curious staple of foreign policy noises from Washington, and they are hard to read. Does the Reagan administration have firm intentions? What are they?

The more you dig into this, the less you find. Grant the statements about a new flow of Soviet weapons to Cuba. But Washington's unwillingness to provide hard details is explained alternately as protecting sources and as prudently avoiding over-dramatics like President Carter's useless flap about "discovering" a Soviet brigade on the island.

These are contradictory stands. Do they mean that things are really getting worse, or that Washington wants to signal to Havana and Moscow that it will be very angry if they do? It depends which senior officials you ask.

There is no charge that the 1962 Soviet pledge not to send "offensive" arms to Cuba has been violated, but it is hard to define and is usually interpreted to mean nuclear weapons in this context.

In any case, the administration does not claim that the warnings have achieved their advertised purpose of stopping the export of Cuban subversion to Central America and the Caribbean. But it has no answer to the question of whether the deliberate campaign of "not ruling out" the use of force may be provoking the arms buildup as a defensive reaction. Cuba's policy of aiding rebels is not likely to change under pressure.

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Moscow Keeps Quiet; Washington Chatters

By Meg Greenfield

WASHINGTON — As the decibel level rises in the United States concerning policy toward El Salvador and how the Polish debt should be approached, my mind keeps going back to an earlier, eerie silence, eerie in retrospect anyway. It is the silence that was maintained on the Russian side all the while that the lightning-stroke repression of the Poles was being planned, presumably argued about and finally executed.

Within hours, out of nowhere — like the construction of the Berlin wall, the move on Czechoslovakia and too many other affairs — it was done. Just like that.

And the only background noise you heard before or after was, naturally, American. There America had been before, arguing about what the Russians would do — an outright Hungary-style invasion? and what the response should or shouldn't be. Afterward, once again surprised, Americans turned to their telephones to ask each other what that was they thought they had just heard on the news. Confirming the worst, we at once settled into our familiar hand-wringing and acrimony about whose fault it was and what to do. They do the deed, and we hold the hearing.

Sometimes I have this fantasy that the Soviet system falls apart and begins to resemble America's because America has dropped a nuclear bomb that absolutely destructive weapon called the First Amendment bomb on them.

Followed up by a biological agent called virus of congressmen. There would also be an exotic strain called disaffected Cabinet officer.

Imagine. Pravda and Izvestia would have been competing to expose the policy on Poland. The leaders would have been in full gush. The denials, as is always true, would have been telling much of the story — a story for which the headlines were themselves: A KGB plan to "Destabilize Solidarity Charged"; "Polish Source Assails Marxist-Leninist Line"; "Brezhnev Says Marxist-Leninist Option Not Ruled Out — Central Committee Demands Politburo Documents on Warsaw Plan"; "Rumor Phone Lines Being Cut in Gdansk"; "Red Army Reportedly Angry at Small Role Envisaged in Poland."

It's wonderful, but it's not that way yet. Instead, the eerie silence with its great abiding advantage obtains. And against this

advantage, America's disheveled blathering can appear all the more reckless and self-damaging. If there is someone, somewhere, who has not got the idea by now that the Reagan administration is perplexed, divided and, in any case, is not entirely free to do what it wants (once it figures out what that is) in Central America or Central Europe, well, that someone can't be very bright.

Americans advertise our impression and disagreement, which also go by such names as checks and balances and pluralism.

It is not just that institutions and traditions incline us to this type of free-for-all between, say, government and press and among

the different branches of government. It is also that this administration, maybe even more than some of its unruly predecessors, seems given to a lot of public and semi-publicly infighting — to the joy and glory of those of us who are paid to write about it and those who have been elected to the Congress that strives to govern along with it.

We are all having fun, but I find it unimaginable that this festival of democracy is doing much to help along such serious strategies as the administration is able to contrive; thanks to the side that lost the internal battle, the secret news rarely seems to hold until the last black limousine has pulled away from whatever marble palace it was that the top-level meeting was held in. And not all of the disclosure is sub rosa or indirect. We now have a whole of a battle going on right up there and out loud — over the Polish debt and what the administration should do in relation to it. The Weinberger-Haig conflict, in general, gets more, not less, vivid every day.

This stark contrast between Soviet secrecy and discretion and compulsive American revelation sooner or later threatens to put every president berserk. And why wouldn't it? The problem is that there is very little that can

be done to change the situation and a great deal that should not be attempted, not just because it won't work, but because it will do positive harm as well.

I think the difference between the two systems in this respect does have implications for a number of activities — the character of agreements with the Soviets, for example, and the degree of security and verification needed on any risk-laden deal. They can break an agreement without being found out. But the presidential reflex to plug every one of those leaks and classify more things secret is something else again. It is as understandable in origin as it is doomed in practice.

Right now in Washington there is a great effort under way at this plugging and re-plugging and finding out who is doing the trouble-making. The guys with the short foreheads, as the security men are endearingly known, are going around town questioning this one and that one about the innumerable leaks. The polygraphs are out. And terrible legislative and administrative steps are planned to restrict more information and to punish harshly those who disseminate it. The thing about all this is that it won't work but it might do harm — including to the administration that promotes it and sees it into law.

The harm will come from what grows in the darkness when too much information is put beyond the reach of any but a few who are bound to grow arrogant (as we have seen) and to romp off on their own ill-conceived secret missions. But beyond that, it can't be done. Of course there is a range of material that needs to be protected. But you cannot really change the sloppy, ebullient, glib, exasperating nature of the society, especially of the political society, and I don't think, even with the screaming disadvantage this creates in many overseas relationships, that you would want to.

You can distort the social and political process with draconian measures. But you can never stop the leaks or the determined self-expression or the fact that we can't by our very nature do it their way. A president can only learn to make the best of the system as it is. The alternative, in a famous phrase, is to "destroy" the unruly democratic culture "in order to save it."

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Germans, Americans and a Forced Marriage

By John Dornberg

MUNICH — How can West Germans and Americans patch up what many see as a deep rift in their relationship? The question is being asked with concern on both sides of the Atlantic, and was the theme of two symposia that I attended recently.

The question is predicated on assumptions that are open to challenge. Are relations indeed so disharmonious? If yes, is the phenomenon all that novel?

Opinion polls show the U.S. popularity rating here to be higher than at any time since 1965, and most West Germans continue to express confidence in NATO.

Even if the pulse-takers are wrong and relations are poor, is that new? It is after all a forced marriage, and many older Americans and Germans can recall being criticized at home for extending the hand of friendship.

Rapport has generally been limited to encounters in GI bars. A glance through my bulging file folder produced yellowed clippings dating back to the late 1950s and early 1960s with headlines and editorials as disturbing as today's.

In those decades only the names of the chancellors and presidents and the momentary issues of disagreement changed. Only when Konrad Adenauer and Dwight Eisenhower (or John Foster Dulles) made music together were dissident notes rare, although in those days, too, there were episodes of mutual distrust. Later, Adenauer's relationship with John Kennedy was as tense as Ludwig Erhard's with Lyndon Johnson and Helmut Schmidt's with Jimmy Carter.

What is meant by "anti-Americanism" and "anti-Germanism?"

The anti-Americanism currently at issue is in large measure anti-Reaganism. Criticism of Reagan's foreign and defense policies is inevitable to the extent that they see us living not in a postwar but in a prewar era.

And the anti-Germanism said to be growing in America expresses exasperation with the policies of the left-liberal coalition in Bonn — feelings shared by at least 46 percent of West Germans who, last time around, voted for the opposition Christian Democrats.

Yet even if the current trouble is largely partisan-political, and magnified by the media, it is worrisome. Publicized opinion has a way of becoming public opinion.

West Germany has a recently appointed special government coordinator for German-American relations. Dr. Hildegard Hamann-Breucher. The establishment of the position and her rather substantial budget in a year of fiscal bloodletting indicate how seriously Chan-

ciller Schmidt and Foreign Minister Hans-Dietrich Genscher judge the current climate.

Franz Hamann-Breucher is a veteran in German-American relations, having served as a young editor on the U.S. military government's Neue Zeitung in 1946. She has blame for the media, lamenting the dearth of interpretative reporting about West Germany in the United States and the distorted picture of America that West Germans get from their news media.

But she also sees more fundamental problems having to do with generations and education. The founder generations of the special West German-U.S. relationship recognized the two countries' interdependence, but the successor generations in politics, business, education, journalism and the arts "are drifting apart."

Americans "for whom knowledge of Germany stops with the end of World War II and the Holocaust" trouble her as much as

young Germans "who have never even heard of the Marshall Plan." She is concerned about West Germans who do not know how their country developed into a free nation with U.S. help, and about Americans who misinterpret the growing inclination of Germans to have more say over their destiny.

She has a starting budget of 4.5 million Deutsche marks in 1982. The main obstacle, she says, is "unadmitted ignorance" on both sides of the Atlantic. Her ambitious inter-ministerial program, aided by foundations and private industry, calls for non-touristic people-to-people contacts, junkies and seminars involving the new generation of policy- and opinion-makers. It will be bolstered by stepped-up efforts by the Foreign Ministry's Goethe Institutes — of which there are 28 in Latin America but only four in the United States. Similarly assiduous efforts might be envisaged by the U.S. State Department's International Communication Agency.

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Feb. 19: From Our Pages of 75 and 50 Years Ago

1907: Quicker Changing of Tires

PARIS — When Mr. Siz, on a Renault racing machine, won the Grand Prix of the Automobile Club de France last summer, praise of the movable rim, to which this success was largely due, was general. Tourists who had struggled hours on the road to remove punctured tires saw in the one great remedy to the tire worry. Dr. P.E. Doolittle of Toronto, who has already made many contributions toward the perfection of the automobile, has produced a new device. Not only can the rim on which there is an injured tire be removed and a new rim and tire be placed in position in a fraction of a minute, but the injured tire may actually be removed from the rim, repaired and replaced in five minutes.

1932: Aerial Conversion to Islam

PARIS — Adopting the Moslem faith in an airplane 5,000 feet over the English Channel, Princess Dayang Muda of Sarawak, formerly Gladys Palmer and heiress of the English business magnate, gave up Christianity as she flew from London to Paris. The name of Khair-ul-Nissa, meaning "fairest of women," was conferred on the princess by Dr. Khalid Sheldrake, president of the Western Islamic Association, who officiated. The princess has founded a center of Islamic propaganda in France, and owns the music of the Prophet, which she has had on show at her Paris apartment. Her husband, a Protestant, now is in Sarawak, where, as heir to the throne, he alternates every six months in ruling with his brother.

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Katharine Graham Arthur Ochs Sulzberger

Chairman Co-Chairmen

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Pakistan Riot Surprised Zia, U.S. Asserts

WASHINGTON — The State Department says it does not believe that President Mohammed Zia ul-Haq of Pakistan knew in advance about an attack on the U.S. Embassy in Islamabad in 1979.

In a written response submitted to the Senate Foreign Relations Committee, the department also said there was "no evidence to suggest" that any of the attackers held or held a post in the Pakistani government.

The department's answers were in response to questions submitted during a hearing Nov. 12 on a sale of F-16 fighters to Pakistan. A proposal to block the sale was subsequently rejected.

Two U.S. servicemen, two Pakistani employees of the embassy and a demonstrator were killed during the attack Nov. 21, 1979, 17 days after Iranian militants occupied the U.S. Embassy in Tehran and seized hostages.

On June 19, 1980, the State Department told Congress that cases were still pending in Pakistani courts against several persons arrested after the attack.

Update Requested

In its latest response, contained in a newly published hearing transcript, the department said it had asked for an update on the prosecution and was waiting for the information.

Although embassy officials immediately sought help from the government, the Pakistani military did not get control of the compound until six hours after the attack.

In its response to the committee, the department said that "the extreme slowness of the Pakistani government's reaction appears to have been the result of the complete unexpectedness of the attack, the lack of contingency planning for such an event and the distraction of security forces."

The department said the Pakistani government had paid the U.S. government \$13.9 million for the cost of rebuilding the embassy compound and the American Center in Lahore, which also was attacked.

The department said the Pakistani government is providing 24-hour protection of the embassy by 25 soldiers.



Mohammed Zia ul-Haq

S. Africa Pledges Public Inquest in Prisoner's Death

CAPE TOWN — Justice Minister H. K. Coetsee says that a public inquest will be held into the death of a union organizer while he was in government detention.

Helen Suzman, an opposition member of parliament, alleged Tuesday that Dr. Neill Aggett, 29, was subjected to inhuman and degrading treatment before his death this month. The police deny this and say he committed suicide. Mr. Coetsee said Wednesday that an inquest would be held.

Dr. Aggett was the 46th person, and the first white, to die in detention since 1963, according to civil rights groups. Dr. Aggett was the Transvaal secretary for a black union.

Mrs. Suzman, 64, caused an uproar in parliament by reading a letter from an unidentified detainee that alleged Dr. Aggett had been forced to do exercises and then was hit with a rolled newspaper or belt when he tired. The police minister, Louis le Grange, denied the allegation, and Mr. Coetsee accused Mrs. Suzman of fabricating it.

Law-Abiding Kuwait Upset by Kidnapping

By David B. Ottaway
Washington Post Service

KUWAIT — The first kidnapping of a child for ransom here last week has sent shock waves through this tiny Gulf nation, whose huge oil wealth makes it potentially fertile ground for such activities.

While the two kidnappers involved were caught within 20 hours after they seized the child of a well-known Kuwaiti businessman, the fact that one was a Kuwaiti caused a major sensation.

Until recently, Kuwait was relatively crime-free, particularly free of rapes, murders and kidnapping. But the onset of what Kuwaitis like to think of as Western social diseases was highlighted last fall when three persons were hanged for kidnapping, raping and killing two girls; then two others were hanged for the armed robbery and murder of a money changer. All were foreigners.

Particularly compared with the United States, Kuwait has a low incidence of violent crime. Kuwaitis tend to blame what problems they have on the large foreign community — particularly Asians, Egyptians and Palestinians — that constitutes more than half the country's 1.2 million population and 70 percent of the work force.

But the latest kidnapping was the first time that such a crime involved a Kuwaiti from a well-off family. He was identified as Fahd Abdul Salem Najjar, 25, an interior decorator. His accomplice was Egyptian.

The kidnapping took place early Tuesday when the two men seized the 4-year-old son of the Kuwaiti businessman, Salah al Sultan, from his home and demanded \$540,000 for his release.

The police were able to track the child, Samy, by interrupting all public telephone services as well as the thousands of phones installed

in cars, thus forcing Mr. Najjar to use a private phone.

The first call came within hours of the kidnapping from the Hilton Hotel, where Mr. Najjar had a friend working as a barber who allowed him to use his phone. The friend was apparently unaware of the kidnapping.

Beach Home Raided

The friend later told police he knew Mr. Najjar had access to a beach home in Kheiran, 80 miles south of the city. The police raided it, seized the kidnappers and freed the child unharmed.

During 20 hours of suspense, everyone in the government followed the case minute by minute, according to local press reports, which have treated it as the crime of the century.

Perhaps most disturbing to Kuwaitis was why Mr. Najjar, himself the son of a Kuwaiti businessman, would be involved in such a crime. The answer seems to be that the enormous wealth of this country is spawning its own social diseases. Kuwait has the highest per capita income in the world — about \$16,000 last year, according to a World Bank report.

Failed in Studies

Mr. Najjar, it seems from press reports and one person who knew him, had failed in his studies and was taking drugs while working in his father's business. The week before the kidnapping, he either left the family or was disowned because of a disagreement with his father.

Penitent and possibly wishing to embalm his family in retaliation, he turned to kidnapping, which seems to have been an amateurish operation with little hope of success in this small, closely knit society.

Many Kuwaitis are calling for his death to make an object lesson out of him. But most observers expect that, since Mr. Najjar is a Kuwaiti and the child was not harmed, he will be sentenced to life in prison instead.

Brig. Gen. Abdul Aziz Jumaa, a security official who briefed the press on the rescue operation, said, "We hear of kidnapping cases in the West but never here. Islamic society abhors this crime, and we are greatly relieved to see such a swift action by our police."

EEC Socialists Pick Glinne

STRASBOURG, France — Former Belgian Employment Minister Ernest Glinne, 50, has been re-elected president of the European Parliament's Socialist group. The group has 124 members, nearly one-third of the 434-member Parliament.

Citicorp Escapes Legal Action in U.S.

(Continued from Page 1)
no action. He noted that the investigation had found that, "to a limited extent," the "conduct in question was illegal." But he called the transactions at issue old and insignificant.

"I do not subscribe to the theory that a company that violates tax and exchange control regulations is a bad corporation and disclosure of illegal conduct should be forced as a prophylactic measure," Mr. Fedders argued in the staff report.

Separately, the commission's Office of the General Counsel and the Division of Corporation Finance also argued against any enforcement action. They submitted a memorandum that described the violations as insignificant and argued that further disclosure would not benefit the bank's shareholders or potential investors.

Citing a recent internal SEC precedent, the two divisions argued that "it would be inappropriate to allege disclosure violations based on unadjudicated illegal or improper conduct by a company's officers and directors unless there were affirmative representations as to management's honesty and integrity in some document."

The two divisions also contended that Citicorp's "management made a reasonable and standard business judgment" by taking the "most profitable course," despite the knowledge that it was probably unlawful and risked penalties.

The banking practice at issue in the Citicorp case is the "parking" of overseas currency transactions. Parking is an accounting procedure that shifts, on paper, the profits from the sale or purchase of some currency out of high-tax areas to a tax haven.

Such shifting is common among multinational institutions, and it is legal provided that the paper transactions are not contrived and do not violate tax laws or exceed limits on local currency holdings imposed by various monetary authorities. A "contrived" transaction is one in which there is no genuine buyer and seller and the price is inconsistent with prevailing prices.

Looking at Transactions
European tax authorities, much like the in the United States, look at transactions between related parties — such as a sale between a Citibank branch in Paris to one in the Bahamas — to see whether they are contrived. Liability for taxes cannot legally be avoided by an artificial transaction designed simply for that purpose.

The foreign investigations of Citibank's activities, begun after Mr. Edwards' charges were made public, provide some insight into some specifics of Citibank's parking.

From 1974 to 1978, Citibank Switzerland had more than \$83 million in profit from trading currencies, \$51.5 million of which was posted in Switzerland and reported to Swiss authorities and \$31.5 million of which was not, according to the commission's staff report.

Citibank agreed to pay Switzerland about \$5.7 million in "back taxes" and "administrative fees" for \$7.5 million in profit transferred to Nassau, the Bahaman capital, during that time in two clearly artificial transactions, the report said.

Citibank told the SEC "that

French tax authorities have concluded that Citibank Paris underreported approximately \$550,000 for transactions in which Citibank Paris "virtually simultaneously bought and sold non-French currencies with Nassau, at different rates, which resulted in a loss on each transaction for Paris," according to the staff report.

Payment of Fine

In the written statement prepared for a reporter, Citicorp said only that it had "paid a fine in one country in settlement of disputed allocations there."

In 1980, according to the staff report, the bank's trading accounted for 11 percent of the known foreign exchange market, and profit from currency trading produced 35 percent of the bank's total earnings.

Between 1974 and 1978, the SEC learned, Citibank parked in the Bahamas at least \$46 million, or about 11 percent of its foreign exchange earnings for that period. Mr. Edwards, who worked in various Citibank branches in Europe, told Citibank auditors in March 1977 that the bank had parked in the Bahamas profits from contrived currency transactions at its European branches, according to the staff report.

Mr. Edwards was told "there was nothing to his suspicions," the report said, and in February, 1978, he provided his information to the bank's board. At that point, the bank was still declining to investigate Mr. Edwards' charges, though it did dismiss him.

Special Review

On March 19, 1978, Mr. Edwards went to the SEC, and two days later Citicorp's audit committee asked the bank's outside counsel, the New York firm of Shearman & Sterling, to conduct a "special review," according to the report.

The staff investigation found that between 1973 and 1980, several Citibank branches exceeded and circumvented European exchange control and tax laws by "channeling the New York and Nassau branches of Citibank" to record on their books thousands of artificial foreign exchange purchases, sales or deposits.

These parking transactions were made in at least three different ways, varying "only in the ease of detection," the report said. In each instance the transactions were "completely controlled" by the European branches and usually involved artificial prices.

The staff report concluded that until 1975 transactions were at rates completely outside the range of actual transactions for that day, "from 1975 to 1978 they were still 'off-market,' or arbitrary, but within the price range of other transactions, and from 1978 through 1980 the transactions were booked at market rates.

After 1977, the parking was done by telephone, so that no record of the transaction appeared on the European branch's books shown to the local authorities, the staff report said.

Hidden Books

As part of a plan to disguise the parking from the local authorities, Citibank maintained in New York an internal financial reporting system that reflected the real profits and losses being generated, the re-

port said. European authorities were not shown these books, which would have disclosed "clearly and readily provable violations of local exchange control regulations." Instead, the officials were given the so-called legal books of the European branches, according to the report.

"The practices and procedures of such parking were done pursuant to policies laid down by senior management in New York," the report said.

In early 1975, Mr. Wriston, Citibank's chairman, asked the bank's comptroller to conduct a survey of the bank's foreign exchange trading in Europe. That survey, completed seven months later, was received by Mr. Wriston and other top bank officials, the SEC found.

The survey, according to the report, noted that foreign regulations had become "more extensive and restrictive," and went on to recommend a number of off-book maneuvers such as "formatted telex messages" and two sets of books.

This system was intended, the survey said, to allow the bank to "comply with the letter (if not the spirit) of the locally imposed limitations."

The staff report said that "from at least 1974 through 1978, Citibank senior management approved European branches to maintain currency positions 'up to four times greater than those permitted by the local authorities.'" These transactions were not recorded on the bank's normal books and records. The staff report also said that internal audits were used not to keep the operations legal but to ensure the appearance of legality.

Argentine Police Find the Body of Missing Activist

The Associated Press

BUENOS AIRES — Police have found the body of a former political activist reported kidnapped two weeks ago, the Interior Ministry has announced. The pregnant woman's disappearance had prompted an appeal from 30 of Argentina's leading cultural and political figures.

It was the first disappearance denounced this year by local human rights organizations. They said they believed it was a political kidnapping because of Mrs. Martinez' connection with the outlawed Socialist Workers Party.

The ministry's communiqué Wednesday said the death of Ana Maria Martinez, 31, was being treated as a homicide. It did not say how she was killed.

A coalition of artists and politicians headed by writers Jorge Luis Borges and Ernesto Sabato had appealed Monday for an investigation into her kidnapping.

The last two years have produced only a handful of such cases. But human rights groups here and abroad say between 6,000 and 15,000 people disappeared after being detained by security forces between 1975 and 1979. The government has ignored demands from human rights organizations and international agencies to clarify the fates of the missing people.

"Strictly confidential treatment is necessary," the bank survey said, because "disclosure could mean instructions to discontinue, and most involve tax claims and penalties."

At a 1975 conference of all the treasurers from Citibank's European branches, the executives were quoted as saying that the risk of detection and sanctions was "reasonable as compared to the risk of earning loss which would follow if the practice is stopped," according to the staff report.

Reasonable Risk

In July, 1977, four months after Mr. Edwards blew the whistle, the senior management made changes in the booking of parking transactions, "which had the effect of making parking less detectable by foreign regulators," according to the staff report.

Also in 1977, internal Citibank documents were changed to mislead the Swiss and Italian authorities, the report said. It said that in one April, 1977, internal memorandum on the shifting of profits, the bank noted, "There is no doubt in anybody's mind that if all the facts were to emerge, we would not have a case."

Around 1979, Citibank "retroactively changed its 1976 and 1977 books" before filing tax returns in Britain for those years, the report said. Though Citibank improperly shifted \$12 million in 1975 profit from London to the Bahamas, its returns for that year, which had already been filed, were not changed, the staff report asserted.

Crucial Documents

SEC attorneys were concerned that several European governments were not provided crucial documents that might have significantly increased the bank's liabilities.

The governments did not have access to Citibank's internal financial reports, which reflected the real profits, "or other documents which show senior management directions to conceal parking," the staff report said. "Such knowledge could potentially have changed the additional tax assessments into more serious charges," it added. A crucial factor in proving criminal tax evasion is showing intent.

The staff concluded that the dual sets of books, false telexes, use of artificial rates and concealment had "all the attributes of evasion of the law" and "illegal conduct."

The SEC did not try to uncover the full extent of questionable parking transactions by Citibank. Though it reviewed the bank's European transactions, for example, it did not look at parking transactions involving artificial rates at Citibank branches in eight Asian countries.

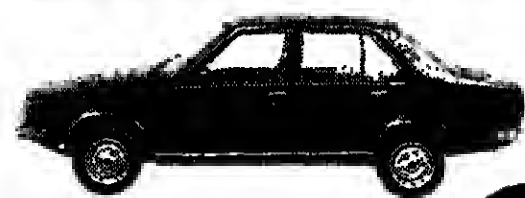
Last April, after pressure from U.S. officials, Citicorp's board called for the bank's foreign exchange and money market activities to be conducted legally, according to SEC documents. The board permitted parking to continue, but only at rates "that do not violate local law."

During the SEC investigation, Citicorp did not dispute any of the facts or evidence, but said that the matters were not material and that the bank's internal controls had been strengthened as a result of the investigations.

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METAXA the Greek classic

The Timelessness of Dublin's Trinity

By P.D. James

DUBLIN — It must be a rare visitor to Dublin who does not place the College of the Holy and Undivided Trinity — Trinity College — high on the list of sight-seeing priorities. Some national monuments are difficult to find; Trinity is impossible to miss. There can be few universities that occupy so privileged a site, 40 secluded acres of harmonious stone, grass and trees in the heart of a capital city.

To return to Trinity as a visitor after more than 30 years is to feel an immediate sense of recognition. One comes back to loved buildings as to old friends; they change in externals but not in spirit. The long Palladian west front facing College Green seems a little grubbier, perhaps, in contrast to the gleaming sweep of the newly cleaned Bank of Ireland; the traffic is busier, the city seems to press more insistently against Trinity's railings. But John Henry Foley's statue of the statesman Henry Grattan still stands on its island above the swirl of traffic, holding out its hand toward the college as if to proclaim that here it still is.

The entrance is flanked by statues, also by Foley, of two of Trinity's most illustrious graduates, the poet Oliver Goldsmith and the statesman Edmund Burke. Goldsmith in his breeches and buckled shoes stands, left foot forward, in insouciant ease, reading from a book held in his left palm. Burke, hand on hip, has a more resolutely aggressive air. Their plinths stand on twin lawns behind the railings, on land first leased to the college in the 1680s for half a crown a year "and a couple of fat capons at Christmas, yearly to the Lord Mayor." Behind them the arched portico seems physically to draw the city's traffic (and no buses grind more than the yellow buses of Dublin) through Theodore Jacobson's west front, and into the austere and harmonious peace of what must be one of the most impressive academic squares in Europe.

This magnificent courtyard of cobbles and lawns was a 19th-century innovation formed by the merging of Parliament Square (so called because it was founded by the old Irish Parliament) and Library Square. Trinity is cruciform, the cross formed by six squares. The visitor passes through Front Square to this immense area. To the north is Botany Bay, a residential square named for the Australian penal colony, so it is rumored, because of the unlikelihood of its former student inhabitants. To the south lies Fellows Square containing the Arts and Social Science Building, opened in 1978 when the cruciform design was completed. To the east is New Square, which contains the museum, arguably the most beautiful building in Trinity.

Most Successful Innovation

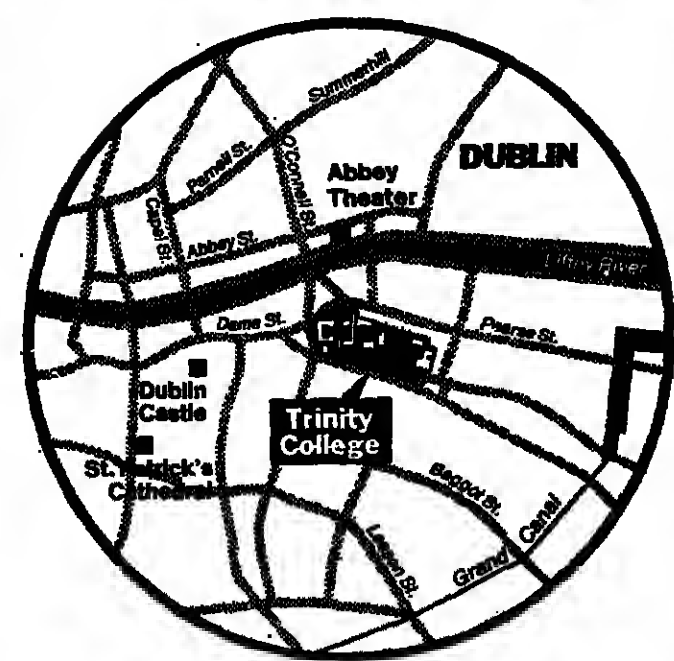
But it is the merging of Parliament and Library Squares with its two ancient and sonorous bells, rising from the center that is perhaps Trinity's most successful architectural innovation. Here buildings and cobbles, lawns and carefully tended trees under the ever-changing Dublin sky form an impression of austere but totally satisfying peace and harmony.

Two temple-like buildings, each with four Corinthian pillars, face each other across Parliament Square, both the work of the 18th-century architect Sir William Chambers. To the north is the chapel; to the south the theater, usually known as the Examination Hall. Inside, too, they are similar in design, with a barrel-vaulted ceiling and long speed auditorium. But they are totally different in mood. The theater is the more immediately spectacular with its decorated ceiling by one of Dublin's finest stuccoers, Michael Stapleton, its carved organ case, its gilded oak chandelier, its nine large portraits of college worthies. But I prefer the simplicity of the chapel. I like the way in which the curve of the gallery echoes that of the apse, the fine carving of the paired pillars, the tall collegiate pews so reminiscent of Cambridge college chapels. Nothing is superfluous; all is order and proportion.

There is, of course, nothing here of the original Elizabethan Trinity. Those who seek some trace of those early origins can find it hidden away behind the chapel in the simple memorials to some of the men connected with the foundation of the college. The stone was



Students strolling through grounds of the College of the Holy and Undivided Trinity.



The New York Times

laid on March 13, 1592, on the site of a suppressed Augustinian monastery that then lay to the east of medieval Dublin.

It is appropriate that its sponsor should have been the first Elizabethan queen, but her motives were not entirely academic. The intention was that "knowledge and civility might be increased by the instruction of our people there, whereof many have usually heretofore used to travel into France, Italy and Spain to get learning in such foreign universities, whereby they have been infected with popery and other ill qualities and so become evil subjects."

'No Petty People'

But this was also the queen who proclaimed that she had no wish to make windows to pry into men's souls, and we can, I think, assume that she would have approved the decision in 1793 to admit Roman Catholics and would welcome the fact that Trinity is now nonsectarian, interested in the scholarship of applicants, not in their religious allegiance. But it has nevertheless been in its time the academic and spiritual home of the Anglo-Irish — "no petty people," as W.B. Yeats said of them — and these squares have been walked by distinguished representatives of the breed: Swift, Congreve, Berkeley, Oscar Wilde, J.M. Synge.

For me the most exciting buildings in Trinity is the museum. It is best viewed, preferably on a fine day, from the south across New Square. It was begun in 1853 and completed three years later, and the architects, Sir Thomas Dean and Benjamin Woodward, were responsible also for the successful alterations to the interior of the library. Despite the range of tall chimneys thrusting low on the

roof, the first impression of the museum is almost entirely Venetian. With its narrow rounded windows formally arranged and its marble discs adorning the facade, it looks like a particularly well-preserved palazzo; it is possible to imagine the shimmer of water flowing through New Square and see the gaudulous rocking at the steps. The ground floor is open to the public, but as the door is usually closed one should press it boldly. Too many casual visitors, I suspect, miss the interior.

Inside the door the two flanking skeletons of prehistoric beasts and the display cases make the function of the building immediately clear. But I could wish them away, the better to relish the ambiguities of the interior. Outside all is symmetry; here all is rich variety. A profusion of color, carving, pillars, columns and arches, of changing light and vistas are held in marvelous balance so that the whole is totally harmonious. The twin domes patterned in blues, pinks and cream, the arches of alternately colored bricks, the rows of pillars hinting at mysteries half concealed are Islamic in style and spirit; the building could be a mosque.

But the pillars and their fine capitals, the formally patterned floor and the wide, branching staircases remind one of some department of state. And yet there is something, not exactly domestic, but companionable about the building. It invites, it does not intimidate. And the carving is magnificent, a profusion of naturalistic foliage, fruit, flowers and animals. The records show that it is an Anglo-Irish cooperation, the work of a Mr. Roe of Lambeth and of the O'Shea brothers of Cork.

The brothers were employed by the two architects to work also on the Oxford museum, but are said to have been sent back to Ireland because of drunkenness. Drunk or sober their work here is one of the delights of Trinity. No wonder John Ruskin described the museum as an architectural masterpiece.

Old Library

The building to which the majority of Trinity's visitors first make their way is the old library, not only for its own splendor but because it houses a treasure, the marvellously illuminated Gospel Book of Kells dating from the early part of the ninth century and reputed to come from the monastic center of Kells in County Meath. For such a treasure the Long Room of the library is an appropriate setting. The entrance is in New Square adjacent to the modern Berkeley Library, the first major building project undertaken by the college after 1900. The imposition of the modern on the old is always controversial. But unless architects are to be restricted to copies, good or bad, of past glories, the additions must reflect the needs, the aspirations, the spirit and the technical achievements of their own time, and Paul Koralet's prize-winning, solidly horizontal design makes its statement with confidence. The wide steps that lead to it lead also to the old library, which is approached through the library shop, a well-arranged and agreeable place in which to find souvenirs, books and

prints, woven scarves, posters, pewter, jewelry and an excellent series of postcards of the Book of Kells. But it is still a slightly incongruous entry into the marvels above.

To mount the final stairs and stand at the entrance of the Long Room is to experience that quickening of the blood which is the response to wholly successful architecture. The arched nave stretches in seeming infinity, cathedral-like in its majesty and dignity. Yet this is no church; the atmosphere is at once secular and academic, Hellenic rather than Christian. Its details line either side in a series of 18th- and 19th-century busts by Peter Scheemakers, Louis Francois Roubillac, Simon Viergey and others. Their seemingly severed heads gleam pale against the richness of the paneling in symbolic potency: Greek philosophers, writers, scientists, statesmen, administrators, former provosts of the college, arranged in impressive solemnity.

The foundation stone of this building was laid in 1712, and the architect was Thomas Burgh. But, astonishingly, the high arched roof that is such a feature of the room was an 1860 addition when the gallery was continued upwards to branch into this great barrel vault. So perfect is this synthesis of 18th-century classicism and 19th-century Romanesque that it is hard to believe that the interior was not originally designed as it now stands. On a sunny day in particular (and one should reserve a fine day for Trinity) the whole nave glows, the spines of the leather-bound books, mounting tier on tier, gleam against the rich and varied browns of the wood so that the gallery seems like a gigantic treasure chest lined with strips of golden mosaic.

The Treasured Book

And so to the treasure. I first saw the Book of Kells nearly 40 years ago and it was then open at the page showing a stolidly seated Virgin holding on her lap an astonishingly mature and adolescent long-haired Christ. The symbolism of these icon-like figures, so important to an understanding of the work, must then have escaped me; that the size of the Mother represents her majesty, the maturity of the child His innate wisdom and power. Each of these full-size pages showing scenes from the life of Christ and the Evangelists is framed by a brilliant, intricately designed border of interlacing circles, swirls, design within design.

Every page is a wonder. The initial letters are almost obscured by the intricacies of the decoration: brightly colored peacocks, tumbling figures, inquisitive angels, grotesque monsters with protruding tongues. One visit is not enough even to begin to penetrate the mystery of this extraordinary book. One sees in imagination that long dead hand moving slowly across the vellum. And it surely, surely, have been a young hand. Old eyes working by candlelight could hardly have produced such fine and intricate detail. And there must have been more than one illustrator, not only because of the sheer size of the work — 340 pages have survived — but because of obvious differences of style and workmanship.

The result is a manuscript that combines remarkably the skills of superlative craftsmanship with inspired creativity. To see the faint lines scored on the vellum as a guide to the letterist is to experience an almost physical sense of contact with the mind and spirit of those patiently laboring monks.

Dublin is a friendly, walkable city, its museums and art galleries the more satisfying because they are on a human scale like the city itself, uncrowded and with helpful custodians. And although the weather is unpredictable and one does not come to Dublin to sunbathe, there is always the promise of marvelous translucent light and ever-changing skies. One grows into Dublin as into well-worn clothes. But the tedium and rigors of modern transatlantic jet travel alone, its great square, its museums, the glorious long room of its library and the treasure it holds.

Mystery writer P.D. James wrote this article for The New York Times.

NYSE Nationwide Trading Closing Prices Feb. 18

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary									
Feb. 12, 1932									
Dow Jones Averages									
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NYSE Most Active									
NYSE Index									
Standard & Poor Index									
AMEX Most Active									
AMEX Stock Index									
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GT 100.00 99.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00									
GU 100.00 99.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00									
GV 100.00 99.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00									
GW 100.00 99.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00									
GX 100.00 99.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00									
GY 100.00 99.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00									

BUSINESS NEWS BRIEFS

Harvester Has Quarterly Loss of \$299.4 Million

CHICAGO — International Harvester announced a fiscal first-quarter net loss of \$299.4 million at its annual stockholders meeting Thursday. Chairman Archie R. McCardell blamed the losses on a depressed market and high interest rates, but he predicted a return to profitability in the second half of fiscal 1982.

Harvester said it posted a \$296.7-million loss from continuing operations in the quarter ended Jan. 31, compared with a \$104.6-million loss a year earlier. The continuing losses come on top of \$1.1 billion in losses posted during the last two fiscal years.

Alsands Backers to Stay, But Seek Concessions

CALGARY — The five remaining members of the consortium backing the \$13-billion Alsands project have decided to stick with the project, consortium president Edward Czaja said Thursday.

But he said the federal and Alberta governments will have to make further concessions to keep the stalled synthetic oil project alive. He said the project would be dropped if it is not under way by mid-year.

Earlier this year, Amoco Canada Oil Co. and Chevron Standard, a unit of Standard Oil of California, withdrew their combined 18-percent interest in the project.

12 Japanese Firms Set Video Tape Standards

TOKYO — Twelve Japanese manufacturers of video tape recorders and tapes have agreed to unify standards of eight-hour cassette tapes for VHS-format video recorders, Victor of Japan (JVC) said Thursday.

They plan to market the tapes here beginning next month, JVC said. The 12 firms are JVC, Akai Electric, Konishiroku Ampex, TDK Electronics, Matsushita Electric, Hitachi, Sharp, Fuji Photo Film, Sanyo Electric, Mitsubishi Electric, Sumitomo 3M and Hitachi Maxell.

5 Firms Win Bids on \$1.4-Billion Saudi Refinery

JEDDAH — Five firms won contracts to build a \$1.4-billion refinery in Jubail, a joint venture between Petromin of Saudi Arabia and the Royal Dutch Shell group, Petromin sources said Thursday.

The contractors are Chiyoda Petrostar of Saudi Arabia, Technip of Saudi Arabia, Parsons International of the United States, Chiyoda Chemical Engineering and Construction of Japan, and Technip of France, they said. The refinery, with a capacity of 250,000 barrels per day, is to be completed in 1984.

Deutsche Lufthansa Expects Small '81 Profit

COLOGNE — Deutsche Lufthansa expects to show a small net profit for 1981 after a net profit in 1980 of 5.55 million Deutsche marks, despite a 1981 operating loss that follows one of 115 million DM in 1980.

Lufthansa said Thursday that second-half 1981 showed improved results over the first half but operating losses will remain above 100 million DM. It said 1981 profits were achieved with the help of sharply increased normal writeoffs which, together with extraordinary writeoffs, totaled 376.2 million DM in 1980.

ACC Advises No Action on Bell's New Bid

LONDON — The board of Associated Communications Corp. is advising shareholders to take no action on Bell Group's increased bid and Hero Corp.'s plan to raise its rival offer, ACC said Thursday.

During the weekend, Bell announced a second bid at \$46.6 million for ACC, matching Hero's existing offer.

Interests led by Bell Chairman Robert Holmes to Court have bought an additional 67 percent of the ACC voting shares.

Conrail Announces Its First Annual Net Income

PHILADELPHIA — Conrail's net income in 1981 reached \$39.2 million — the first annual net income since Conrail began operations in 1976, company officials announced.

The 1981 income was on consolidated revenue of \$4 billion, Conrail said Wednesday. It compared to a loss of \$243.7 million on revenue of \$3.9 billion in 1980. Conrail reported a loss of \$44.4 million for the fourth quarter of 1981 compared to a \$45.4-million loss in the same quarter of 1980, and a loss of \$106.6 million for 1981 compared to a loss of \$405.8 million in 1980.

The company said its cost-cutting program would continue this year, but that a first-quarter operating loss was likely.

Investors Turn Positive on P&G

By Robert Metz
New York Times Service

NEW YORK — Procter & Gamble may be a haven in an uncertain economic environment, as many on Wall Street are saying.

Analysts were scheduled to appear Thursday at company headquarters for a meeting with top management.

What is impressive about the meeting is that it is happening at all. The company has long been reluctant to expose its chief executives to analysts' questions.

From a market point of view, it could not have happened at a better time. Shares of P&G — and those of other leading household product companies — are trading near their year's highs.

Investors have turned positive on the group partly because other groups are out of favor, suffering amid the economic uncertainty

and persistent doubts over profits. Procter & Gamble has re-emerged as a top-tier institutional favorite in the last nine months and has long been regarded as the industry flagship.

Thus, analysts are likely to listen attentively as the future, according to John G. Smale, president and chief executive officer, is described.

Daniel J. Meade, a vice president who follows the company closely for the First Boston Corp., and who will be in Cincinnati along with 300 other analysts, said that the company was experiencing strong unit growth and higher margins on its products. Always strong in these areas, the company's unusual strength at present reflects in part a willingness by consumers to spend for low-ticket, repeat-use items.

The tendency is aided by the decline in the price of gasoline and "unusually low inflation" in the price of food. Gasoline and food weigh heavily on disposable income.

Additionally, he said, producers of branded products are being aided by a reversal of a four-year trend toward store brands and low-priced generic merchandise. Procter & Gamble has also been gaining market share in several key areas, such as toothpaste, toilet paper and paper towels.

P&G's pretax margin, meanwhile, increased about 1.5 percentage points, to 12.8 percent, in the first six months of the fiscal year 1982, ended Dec. 31. The margin increase reflects a general retreat in the prices of commodities. Also, there is increased efficiency arising out of higher plant-utilization rates.

Spending Pays Off
Still another factor is that Procter & Gamble's \$3-billion capital spending program of the last five years — more than double the outlays of the prior five years — is beginning to pay off.

P&G, which had sold as high as 2.4 times the multiple accorded the Standard & Poor's index of 400 industrials in 1974, had dropped to less than the S&P 400 multiple in 1980. The shares have since regained investor interest and are currently selling at a slight premium to the S&P 400.

Mr. Meade concludes, "I believe earnings per share could rise at a rate of 14 percent to 15 percent a year over the next five years."

"This would support a premium price of possibly 1.3 times the S&P. That would imply a price earnings multiple of 10 to 11 on

Mexican Peso Falls Sharply In Free Float

From Agency Dispatches

MEXICO CITY — Mexico's central bank allowed the peso to float freely on world exchanges Thursday and it promptly fell by around 30 percent against the dollar.

The unit was quoted at an average 38 to the dollar compared with 26.75 Wednesday at bank rates. A number of Mexican banks did not post exchange rates and would not buy or sell dollars.

In Chicago, Mexican peso futures fell sharply in early trading. Dealers said the decision by the Mexican bank was unexpected.

Later, Mexico's central bank said the decision to temporarily stop support of the peso represents part of an integrated program, which will be revealed shortly.

In London, Enrique Castro, a sub-director of the Mexican Finance Ministry, said he did not know of the other measures in the package. Neither could he suggest at what level the central bank hoped to see the peso settle.

"But the bank feels that this is the first economic policy change that international banks wanted to see," he said.

There were indications that the peso's decline was larger than Mexican officials had anticipated. Dealers in London were quoting the peso Thursday afternoon at about 35 to the dollar, compared with 27 shortly before the announcement.

Mr. Castro noted, however, that when the peso was last floated in 1976, it fell swiftly to about 28 against the dollar, from about 12.50 before the announcement, and then settled at 16.50.

The peso was allowed to devalue gradually last year against the dollar by about 12 percent.

The unit has been under strong pressure recently following an almost doubling of Mexico's balance of payments deficit last year to \$11 billion dollars, while inflation rose 28 percent.

The central bank has operated a "dirty float" in recent years, allowing regular mini-devaluations to relieve the pressure slowly.

Among the main reasons for the pressure on the value of the peso, the bank listed the slump in the oil market, soaring interest rates which badly hit its foreign loans and a lowering in the price of important commodities such as silver and coffee.

Mexico, the world's fourth largest oil producer, has depended on an economic policy of high growth to create much needed jobs and industrialize the country.

The central bank said the government intends to continue this policy and the flotation decision was influenced by it.

The bulletin said the bank "will be prepared to avoid disorderly conditions in the market and to restore stability in its tendencies as quickly as possible."

Oil Glut May Be a Huge Swamp

By Nicholas Moore
Reuters

LONDON — The oil industry is beginning to suspect the current glut is bigger than it thought. Western oil company executives and energy officials said.

Unless Saudi Arabia acts soon with a sizable and well-publicized output cut, it might be too late to halt the current price slide, they said.

The present underlying level of oil consumption may be below most recent estimates, and there are some doubts as to whether the traditional summer build-up of refiners' stocks will be big enough this year to buoy demand in the months when oil consumption is lowest, they said.

Most industry estimates now put OPEC production at around 20 million barrels daily.

This is 2 million below what several OPEC leaders predicted for this quarter when last autumn they fixed a price structure around a benchmark of \$34 a barrel for Saudi light crude.

The low OPEC production total can be attributed in part to a reduction of oil companies' surplus stocks, industry experts said, adding they do not know how large this draw down has been.

Most think up to 4 million barrels daily have flowed out. But some preliminary estimates reaching the International Energy Agency in Paris indicate a smaller figure and thus lower underlying demand, a Western government source said.

One oil multinational estimates that in 1981 demand fell 7 percent in Western Europe, 6 percent in Japan and 4 percent in the United States, with smaller declines expected for 1982.

The stocks needed to cover the 90 days' forward supply required by governments is down because of lower consumption, industry sources said.

They note interest rates show every sign of staying high, raising the cost to refiners of holding large volumes in their tanks, and the market looks as though it will remain awash with OPEC oil.

So there is every apparent incentive to minimize the 1982 summer stock-build, industry executives said. That may mean, they added, that OPEC output stays down around the current depressed level throughout the year.

Industry executives generally think a well-publicized Saudi output cut to 6 million or 6.5 million barrels daily from around 8 million recently probably could steady the market.

U.S. Seeks Sharp Cuts in Aid Bank Money

United Press International

WASHINGTON — The White House, in a major policy statement, said Thursday it wants to cut future U.S. contributions to low-interest loans made by international development banks to poor nations by 30 to 45 percent in "real terms."

It also proposed that countries pledging capital as backing for the World Bank no longer be required to put up part of that capital in cash. Treasury Undersecretary Beryl Sprinkel said the administration proposal to disperse with this paying in of cash would require the World Bank to scale down its hard loans.

The proposals were made in a 194-page position paper by the Treasury, State Department and other agencies on administration policy toward international development banks.

Its main themes were that the administration wants to channel development aid toward countries that encourage free markets, emphasize private-sector development with minimal government involvement and take economic steps to help themselves.

The report urged reductions of 30 to 45 percent "in real terms" in U.S. contributions to the "soft loan windows" of international development banks.

UAW Local Chiefs Vote to Accept Ford Agreement

From Agency Dispatches

CHICAGO — Local leaders of the United Automobile Workers at Ford Motor voted 132-12 to accept a tentative agreement that includes wage and benefit concessions by employees as well as company assurances on job security.

Meanwhile, General Motors, calling the Ford agreement an important development, said Thursday it will be talking with the UAW about resuming contract talks after Ford workers' as a whole vote.

Talks on a new GM contract collapsed last month and no talks are scheduled until the normal mid-July starting time. GM's present three-year contract expires Sept. 14.

The UAW leaders' acceptance of the Ford pact is the second in a three-step union ratification process. The final step is a vote by the approximately 150,000 union members eligible, to be completed by Feb. 28.

Wednesday's vote came despite the reported opposition of a minority of Ford workers who said that the agreement traded away too much in return for vague guarantees of job security. More than a third of Ford's production workers are on indefinite layoff.

The agreement would eliminate the annual 3 percent salary increase and six paid holidays a year, as well as impose a nine-month freeze on pay adjustments based on the Consumer Price Index.

CURRENCY RATES

Interbank exchange rates for Feb. 18, 1982, excluding bank service charges.

	Amt.	Unit	Rate	Unit	Rate	Unit	Rate	Unit	Rate
Amsterdam	2.613	fl.	1.9940	fl.	1.9940	fl.	1.9940	fl.	1.9940
Bremen	4.38	fl.	1.7540	fl.	1.7540	fl.	1.7540	fl.	1.7540
Frankfurt	2.364	fl.	1.7540	fl.	1.7540	fl.	1.7540	fl.	1.7540
London (to)	1.8428	£	1.8428	£	1.8428	£	1.8428	£	1.8428
Paris	1.2720	fr.	236.46	fr.	236.46	fr.	236.46	fr.	236.46
Switzerland	1.250	fr.	2.0000	fr.	2.0000	fr.	2.0000	fr.	2.0000
West Germany	1.000	DM	1.0000	DM	1.0000	DM	1.0000	DM	1.0000
Japan	1.000	¥	163.86	¥	163.86	¥	163.86	¥	163.86
Italy	1.000	li.	2.3646	li.	2.3646	li.	2.3646	li.	2.3646
Spain	1.000	pt.	166.64	pt.	166.64	pt.	166.64	pt.	166.64
Sweden	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Denmark	1.000	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833
Norway	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Finland	1.000	fm.	5.9457	fm.	5.9457	fm.	5.9457	fm.	5.9457
Greece	1.000	dr.	340.75	dr.	340.75	dr.	340.75	dr.	340.75
Portugal	1.000	esc.	200.48	esc.	200.48	esc.	200.48	esc.	200.48
Belgium	1.000	fr.	36.3636	fr.	36.3636	fr.	36.3636	fr.	36.3636
Netherlands	1.000	fl.	1.9360	fl.	1.9360	fl.	1.9360	fl.	1.9360
France	1.000	fr.	236.46	fr.	236.46	fr.	236.46	fr.	236.46
Germany	1.000	DM	1.0000	DM	1.0000	DM	1.0000	DM	1.0000
Italy	1.000	li.	2.3646	li.	2.3646	li.	2.3646	li.	2.3646
Spain	1.000	pt.	166.64	pt.	166.64	pt.	166.64	pt.	166.64
Sweden	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Denmark	1.000	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833
Norway	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Finland	1.000	fm.	5.9457	fm.	5.9457	fm.	5.9457	fm.	5.9457
Greece	1.000	dr.	340.75	dr.	340.75	dr.	340.75	dr.	340.75
Portugal	1.000	esc.	200.48	esc.	200.48	esc.	200.48	esc.	200.48
Belgium	1.000	fr.	36.3636	fr.	36.3636	fr.	36.3636	fr.	36.3636
Netherlands	1.000	fl.	1.9360	fl.	1.9360	fl.	1.9360	fl.	1.9360
France	1.000	fr.	236.46	fr.	236.46	fr.	236.46	fr.	236.46
Germany	1.000	DM	1.0000	DM	1.0000	DM	1.0000	DM	1.0000
Italy	1.000	li.	2.3646	li.	2.3646	li.	2.3646	li.	2.3646
Spain	1.000	pt.	166.64	pt.	166.64	pt.	166.64	pt.	166.64
Sweden	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Denmark	1.000	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833
Norway	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Finland	1.000	fm.	5.9457	fm.	5.9457	fm.	5.9457	fm.	5.9457
Greece	1.000	dr.	340.75	dr.	340.75	dr.	340.75	dr.	340.75
Portugal	1.000	esc.	200.48	esc.	200.48	esc.	200.48	esc.	200.48
Belgium	1.000	fr.	36.3636	fr.	36.3636	fr.	36.3636	fr.	36.3636
Netherlands	1.000	fl.	1.9360	fl.	1.9360	fl.	1.9360	fl.	1.9360
France	1.000	fr.	236.46	fr.	236.46	fr.	236.46	fr.	236.46
Germany	1.000	DM	1.0000	DM	1.0000	DM	1.0000	DM	1.0000
Italy	1.000	li.	2.3646	li.	2.3646	li.	2.3646	li.	2.3646
Spain	1.000	pt.	166.64	pt.	166.64	pt.	166.64	pt.	166.64
Sweden	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Denmark	1.000	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833
Norway	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Finland	1.000	fm.	5.9457	fm.	5.9457	fm.	5.9457	fm.	5.9457
Greece	1.000	dr.	340.75	dr.	340.75	dr.	340.75	dr.	340.75
Portugal	1.000	esc.	200.48	esc.	200.48	esc.	200.48	esc.	200.48
Belgium	1.000	fr.	36.3636	fr.	36.3636	fr.	36.3636	fr.	36.3636
Netherlands	1.000	fl.	1.9360	fl.	1.9360	fl.	1.9360	fl.	1.9360
France	1.000	fr.	236.46	fr.	236.46	fr.	236.46	fr.	236.46
Germany	1.000	DM	1.0000	DM	1.0000	DM	1.0000	DM	1.0000
Italy	1.000	li.	2.3646	li.	2.3646	li.	2.3646	li.	2.3646
Spain	1.000	pt.	166.64	pt.	166.64	pt.	166.64	pt.	166.64
Sweden	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Denmark	1.000	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833	dkr.	13.4833
Norway	1.000	kr.	13.4833	kr.	13.4833	kr.	13.4833	kr.	13.4833
Finland	1.000	fm.	5.9457	fm.	5.9457	fm.	5.9457	fm.	5.9457
Greece	1.000	dr.	340.75	dr.	340.75	dr.	340.75	dr.	340.75
Portugal	1.000	esc.	200.48	esc.	200.48	esc.	200.48	esc.	200.48
Belgium	1.000	fr.	36.3636	fr.	36.3636	fr.	36.3636	fr.	36.3636
Netherlands	1.000	fl.	1.9360	fl.	1.9360	fl.	1.9360	fl.	1.

NYSE Nationwide Trading Closing Prices Feb. 18

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	Stock	In	5 Yr.	P/E	1981	1982	High	Low	Close	Open	Prev.
High	Low	Div.	to								
12	SP500				12.4	12.4	179	179	179	179	179
13	SP500				12.4	12.4	179	179	179	179	179
14	SP500				12.4	12.4	179	179	179	179	179
15	SP500				12.4	12.4	179	179	179	179	179
16	SP500				12.4	12.4	179	179	179	179	179
17	SP500				12.4	12.4	179	179	179	179	179
18	SP500				12.4	12.4	179	179	179	179	179
19	SP500				12.4	12.4	179	179	179	179	179
20	SP500				12.4	12.4	179	179	179	179	179
21	SP500				12.4	12.4	179	179	179	179	179
22	SP500				12.4	12.4	179	179	179	179	179
23	SP500				12.4	12.4	179	179	179	179	179
24	SP500				12.4	12.4	179	179	179	179	179
25	SP500				12.4	12.4	179	179	179	179	179
26	SP500				12.4	12.4	179	179	179	179	179
27	SP500				12.4	12.4	179	179	179	179	179
28	SP500				12.4	12.4	179	179	179	179	179
29	SP500				12.4	12.4	179	179	179	179	179
30	SP500				12.4	12.4	179	179	179	179	179
31	SP500				12.4	12.4	179	179	179	179	179
32	SP500				12.4	12.4	179	179	179	179	179
33	SP500				12.4	12.4	179	179	179	179	179
34	SP500				12.4	12.4	179	179	179	179	179
35	SP500				12.4	12.4	179	179	179	179	179
36	SP500				12.4	12.4	179	179	179	179	179
37	SP500				12.4	12.4	179	179	179	179	179
38	SP500				12.4	12.4	179	179	179	179	179
39	SP500				12.4	12.4	179	179	179	179	179
40	SP500				12.4	12.4	179	179	179	179	179
41	SP500				12.4	12.4	179	179	179	179	179
42	SP500				12.4	12.4	179	179	179	179	179
43	SP500				12.4	12.4	179	179	179	179	179
44	SP500				12.4	12.4	179	179	179	179	179
45	SP500				12.4	12.4	179	179	179	179	179
46	SP500				12.4	12.4	179	179	179	179	179
47	SP500				12.4	12.4	179	179	179	179	179
48	SP500				12.4	12.4	179	179	179	179	179
49	SP500				12.4	12.4	179	179	179	179	179
50	SP500				12.4	12.4	179	179	179	179	179
51	SP500				12.4	12.4	179	179	179	179	179
52	SP500				12.4	12.4	179	179	179	179	179
53	SP500				12.4	12.4	179	179	179	179	179
54	SP500				12.4	12.4	179	179	179	179	179
55	SP500				12.4	12.4	179	179	179	179	179
56	SP500				12.4	12.4	179	179	179	179	179
57	SP500				12.4	12.4	179	179	179	179	179
58	SP500				12.4	12.4	179	179	179	179	179
59	SP500				12.4	12.4	179	179	179	179	179
60	SP500				12.4	12.4	179	179	179	179	179
61	SP500				12.4	12.4	179	179	179	179	179
62	SP500				12.4	12.4	179	179	179	179	179
63	SP500				12.4	12.4	179	179	179	179	179
64	SP500				12.4	12.4	179	179	179	179	179
65	SP500				12.4	12.4	179	179	179	179	179
66	SP500				12.4	12.4	179	179	179	179	179
67	SP500				12.4	12.4	179	179	179	179	179
68	SP500				12.4	12.4	179	179	179	179	179
69	SP500				12.4	12.4	179	179	179	179	179
70	SP500				12.4	12.4	179	179	179	179	179
71	SP500				12.4	12.4	179	179	179	179	179
72	SP500				12.4	12.4	179	179	179	179	179
73	SP500				12.4	12.4	179	179	179	179	179
74	SP500				12.4	12.4	179	179	179	179	179
75	SP500				12.4	12.4	179	179	179	179	179
76	SP500				12.4	12.4	179	179	179	179	179
77	SP500				12.4	12.4	179	179	179	179	179
78	SP500				12.4	12.4	179	179	179	179	179
79	SP500				12.4	12.4	179	179	179	179	179
80	SP500				12.4	12.4	179	179	179	179	179
81	SP500				12.4	12.4	179	179	179	179	179
82	SP500				12.4	12.4	179	179	179	179	179
83	SP500				12.4	12.4	179	179	179	179	179
84	SP500				12.4	12.4	179	179	179	179	179
85	SP500				12.4	12.4	179	179	179	179	179
86	SP500				12.4	12.4	179	179	179	179	179
87	SP500				12.4	12.4	179	179	179	179	179
88	SP500				12.4	12.4	179	179	179	179	179
89	SP500				12.4	12.4	179	179	179	179	179
90	SP500				12.4	12.4	179	179	179	179	179
91	SP500				12.4	12.4	179	179	179	179	179
92	SP500				12.4	12.4	179	179	179	179	179
93	SP500				12.4	12.4	179	179	179	179	179
94	SP500				12.4	12.4	179	179	179	179	179
95	SP500				12.4	12.4	179	179	179	179	179
96	SP500				12.4	12.4	179	179	179	179	179
97	SP500				12.4	12.4	179	179	179	179	179
98	SP500				12.4	12.4	179	179	179	179	179
99	SP500				12.4	12.4	179	179	179	179	179
100	SP500				12.4	12.4	179	179	179	179	179

Ailing India Begins Courting Multinationals

By Tyler Marshall
Los Angeles Times Service

NEW DELHI — After years of thinly veiled hostility to Western business that culminated in 1978 with the withdrawal of Coca-Cola and IBM, India has begun actively seeking new investment by blue-ribbon, multinational companies.

The turnaround reflects a belief held by Prime Minister Indira Gandhi's government that a major injection of advanced technology is needed to make India's antiquated industrial sector more competitive in world markets.

The growing trade deficit, which last year ballooned to a record \$6 billion, is the biggest single economic threat facing her government.

Late last year, India negotiated the largest loan ever granted by the International Monetary Fund — \$5.7 billion — to help with the balance-of-payments problem. India is also taking on large-scale commercial loans for the first time to revitalize its industrial sector and accelerate oil exploration.

The new government thinking also reflects growing disillusion

with large, government-owned enterprises, which form the heart of the world's 10th-largest industrial economy. With few exceptions, these lethargic giants are chronically in the red and turn out inferior products, and they have been unable to develop export-competitive technology.

As with most changes in this diverse nation of 700 million people, the shift in attitude has been neither sudden nor dramatic. Some businessmen even question whether it is anything more than cosmetic.

The effort to attract new foreign investment is restricted almost exclusively to high-technology areas. Even here, local partners are mandatory and foreign ownership is in most cases limited to 40 percent.

Exceptions to these rules are rare; but one is made for companies willing to forsake the large Indian market and export their entire production.

India has liberalized its investment incentives, but not much. The frustrations that bedeviled investors in India in the past, including widespread bureaucratic indifference, persist.

But a number of indicators point to a more receptive attitude.

In the two years since Mrs. Gandhi's return to power, she has made no move to dismantle such government enterprises as coal, steel and electric power producers — but she has not launched any major expansions, either.

Last week she sent her industries minister, N.D. Tiwari, to the European Management forum in Davos, Switzerland, with the clear message that India wants foreign investment. According to Indian government officials here, it was the first time a minister had been dispatched to lobby such a gathering of Western industrialists.

Orville L. Freeman, the former U.S. agriculture secretary who heads the U.S. side of the Indo-U.S. Joint Business Council, said there had been a "distinct improvement" in India's attitude toward foreign investment.

The new government attitude and the wary response by American and other Western businessmen are both reflected in investment figures.

A three-year decline in the value of U.S. investment here was turned around in 1979 and, according to the latest available Indian government estimates, increased from just under \$400 million to about \$500 million in the first six months of last year.

Among U.S. companies new to India, Pittsburgh-based Rockwell International recently invested \$5 million in a joint venture with an Indian company, Bharat Forge, to produce truck axles. And A.C. Sparkplugs and Sterling Drug and Hospital Corp. of America reportedly have been seriously considering joint ventures with local partners in India.

To accelerate India's quest for oil, Mrs. Gandhi's government has dropped plans to restrict off-shore exploration efforts to the state-

owned Oil and Natural Gas Commission.

The government has already selected Chevron to develop a block off the west coast of Gujarat state. Some companies have been attracted by an access to Soviet markets made possible by New Delhi's need to balance its growing trade with Moscow. Major purchases by India of arms and oil have driven the value of Soviet imports to an estimated \$3 billion annually. India is hard-pressed to meet Soviet requests for consumer goods and manufactured items in return.

So some foreign companies qualifying under India's 100-percent export program get both the benefit of the program — no required Indian ownership — and a guaranteed market in the Soviet Union.

Xerox, for example, operating through its British subsidiary, recently was granted a license to produce photocopies in India. It plans to export them to the Soviet Union. Xerox's local partner, Modi Rubber, plans to produce 3,000 Model 3107 copiers a year.

Ponds (India), which is 40-percent-owned by Chesebrough-Ponds of Greenwich, Conn., reportedly sells most of its cosmetics to the Soviet Union, while the Bombay-based subsidiary of Unilever sells soaps, detergents and other home products under the same umbrella.

But chronic shortages of electric power, a poor telephone system, endemic corruption and long bureaucratic delays still combine to make India an extremely difficult market.

K.C. Popat, director of Tata-Burroughs, of which 40 percent is owned by Burroughs Corp. of Detroit, said an application by his company for a new plant to produce fourth-generation computers in India was still pending after 10 months.

COMPANY REPORTS

Revenues, Profits in Millions, in local currencies, unless otherwise indicated

Year	1981	1980	Year	1981	1980
Revenue	1,330	2,120	Revenue	3,200	3,100
Profits	124.7	173.2	Profits	109.5	61.7
Per Share	0.929	0.43	Per Share	5.53	2.57

Year	1981	1980	Year	1981	1980
Revenue	77,840	54,260	Revenue	951.0	775.0
Profits	2,260	4,300	Profits	73.0	43.0
Per Share	0.29	0.52	Per Share	0.59	0.32

Year	1981	1980	Year	1981	1980
Revenue	22,000	24,000	Revenue	5,270	5,000
Profits	15,730	14,740	Profits	474.0	419.0
Per Share	1.82	1.60	Per Share	4.39	4.57

Year	1981	1980	Year	1981	1980
Revenue	1,330	2,120	Revenue	1,330	2,120
Profits	124.7	173.2	Profits	124.7	173.2
Per Share	0.929	0.43	Per Share	0.929	0.43

Year	1981	1980	Year	1981	1980
Revenue	1,330	2,120	Revenue	1,330	2,120
Profits	124.7	173.2	Profits	124.7	173.2
Per Share	0.929	0.43	Per Share	0.929	0.43

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MARK (Deutsch)	12.75 %
FRANC (Swiss)	9.5 %

Eurocurrency Interest Rates

NEW YORK (AP) — Closing Prices Feb. 18, 1987

[illegible]

Floating Rate Notes

Closing prices, Feb. 18, 1983

[illegible]

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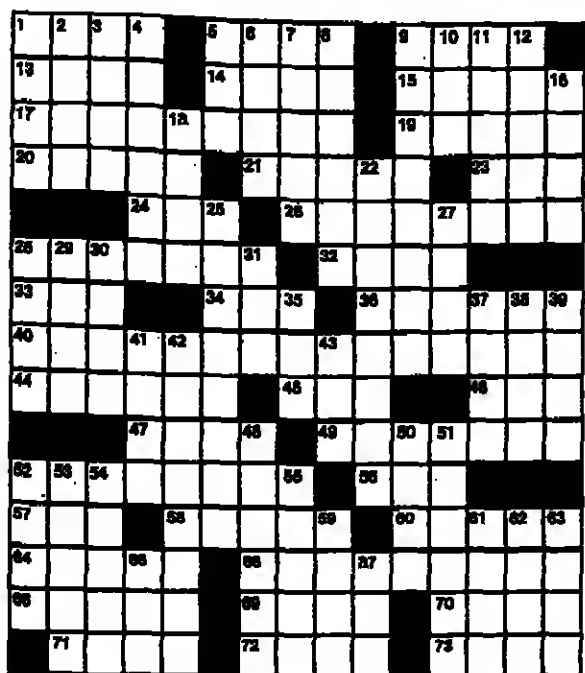
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CROSSWORD Edited by Eugene T. Malachuk



- ACROSS**
- 1 "What's in a name?"
 - 5 Home of the G.B.
 - 9 Wiltshire wiggling
 - 13 "Thou shalt not see!" Exod.
 - 22 Is
 - 24 Item a placator needs
 - 15 Suffix with post or critic
 - 17 Opposite of dextral
 - 19 Kind of ceramic ware
 - 20 Bryant or O'Day
 - 21 Wearaway
 - 22 Dr. R. G. B.
 - 24 Aster and Sullivan
 - 26 Port, at sea
 - 28 Allowance
 - 32 Term of affection
 - 33 Tolson's real first name
 - 34 Orwell's "Coming Up"
 - 36 Banded together
 - 40 Odds play
 - 44 Foolish act
 - 45 Half of MCCII
 - 46 New Deal
 - 47 Radiation units
 - 48 Crowded together
- DOWN**
- 2 Whizzy Ford
 - 3 Kind of deer
 - 7 L.A. timeable letters
 - 8 Last, in Athens
 - 10 Gazed on amorously
 - 14 Area patrolled by Jim Rice
 - 16 Denominations
 - 18 Woodwind
 - 20 C. A. 2's predecessor
 - 21 Compete at
 - 23 "It's a..."
 - 25 Call in poker
 - 27 Space agency
 - 28 Conspicuous
 - 29 Prefix with skirt or series
 - 30 Reductio
 - 31 "Flint" Abbr.
 - 32 Propagator
 - 33 Traffic problem
 - 34 Musketeers had to do this often
 - 35 Sphere buried by Valerius
 - 36 Serpent
 - 37 Leaf opening
 - 38 Jewish school
 - 39 Fox of TV
 - 40 Persian poet
 - 41 Less cheerful
 - 42 Nereid
 - 43 27th Lord for Galahad
 - 44 Ratchet catch
 - 45 A son of Isaac
 - 46 "The..." in Spain
 - 47 Russian fighter plane
 - 48 P.O. letters
 - 49 Former Spanish province in NW Africa
 - 50 To be, to Voltair
 - 51 Sociological pair
 - 52 Cutting
 - 53 Freezing place
 - 54 Relative of R.O.T.C.
 - 55 O'Neill was one
 - 56 Fiddler's hangout
 - 57 Kind of professor at Oxford
 - 58 Box and Dax
 - 59 More unusual
 - 60 Ancient city in Africa
 - 61 "—him to him that reads but one book"
 - 62 Herbert
 - 63 Flying saucers
 - 64 For fear that
 - 65 Kixx
 - 66 6/6/44
 - 67 Abbr. ending a list
 - 68 Vietnamese New Year

WEATHER

	HI	LO		HI	LO
	C	F		C	F
ALABAMA	14	57	14	57	54
ALASKA	14	57	14	57	54
ARIZONA	14	57	14	57	54
ARKANSAS	14	57	14	57	54
CALIFORNIA	14	57	14	57	54
COLORADO	14	57	14	57	54
CONNECTICUT	14	57	14	57	54
DELAWARE	14	57	14	57	54
FLORIDA	14	57	14	57	54
GEORGIA	14	57	14	57	54
ILLINOIS	14	57	14	57	54
INDIANA	14	57	14	57	54
IOWA	14	57	14	57	54
KANSAS	14	57	14	57	54
KENTUCKY	14	57	14	57	54
LOUISIANA	14	57	14	57	54
MAINE	14	57	14	57	54
MARYLAND	14	57	14	57	54
MASSACHUSETTS	14	57	14	57	54
MICHIGAN	14	57	14	57	54
MINNESOTA	14	57	14	57	54
MISSISSIPPI	14	57	14	57	54
MISSOURI	14	57	14	57	54
MONTANA	14	57	14	57	54
NEBRASKA	14	57	14	57	54
NEVADA	14	57	14	57	54
NEW HAMPSHIRE	14	57	14	57	54
NEW JERSEY	14	57	14	57	54
NEW MEXICO	14	57	14	57	54
NEW YORK	14	57	14	57	54
NORTH CAROLINA	14	57	14	57	54
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OKLAHOMA	14	57	14	57	54
OREGON	14	57	14	57	54
PENNSYLVANIA	14	57	14	57	54
RHODE ISLAND	14	57	14	57	54
SOUTH CAROLINA	14	57	14	57	54
SOUTH DAKOTA	14	57	14	57	54
TENNESSEE	14	57	14	57	54
TEXAS	14	57	14	57	54
UTAH	14	57	14	57	54
VERMONT	14	57	14	57	54
VIRGINIA	14	57	14	57	54
WASHINGTON	14	57	14	57	54
WEST VIRGINIA	14	57	14	57	54
WISCONSIN	14	57	14	57	54
WYOMING	14	57	14	57	54

Readings from the previous 24 hours.

ADVERTISEMENT INTERNATIONAL FUNDS

February 18, 1982

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BANK OF CALIFORNIA	\$1.00	WELLS FARGO	\$1.00
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For Owners, Baseball Strike Looks Costlier All the Time

By Thomas Boswell
Washington Post Service

WASHINGTON — The results are in on last year's baseball strike. The inescapable conclusion: For the owners, it was all for naught. Baseball's salary-inflation spiral — the root cause of the strike and its real issue — has not been affected by the battle that cost the average franchise about \$1 million and the average player nearly \$60,000.

When the last contract is signed and the last dollar paid out, the mean major league salary for 1982 will be about \$235,000 — an increase in one year of nearly \$50,000 per player, according to the players' union.

Marvin Miller, the union president, says the dramatic upward graph of player salaries since the free-agent era began in 1976 "hasn't changed at all."

This season's salary jump, he says, "will be an all-time high," and even the rate of increase — 25 percent to 30 percent — will apparently be comparable to that of the last five seasons.

Few, if any, in management disagree with Miller's appraisal.

A Discouraging Month

This month has been particularly discouraging for those among baseball's hierarchy who, in the wake of their get-tough, last-stand strike, dreamed of easier financial times.

The signings of Gary Carter by Montreal, for approximately \$15 million for eight years, and George Foster by the New York Mets, for \$8.5 million for five years, are the latest examples that this is not the case.

The ever-increasing salaries are "like lava coming down the mountain at us," says Dick Wagner, the president of the Cincinnati Reds, who have lost Foster, Ken Griffey and Dave Collins from the payroll but still find themselves in the game's upper-echelon pay bracket.

"It's the worst salary explosion we've had. At some point, things have to blow apart."

John McHale, the Montreal Expos' president, who signed Carter this week for almost \$2 million a year, says, "It's very scary. We're all betting the game will keep drawing people and that we'll be a winner. A great separation is coming in baseball between the haves and the have-nots. All of us are fighting to keep what we got. We can't afford not to sign players like Carter because we have to keep them to keep winning. It's a continual Catch-22."

Roy Eisenhardt, the Oakland A's owner, says of the cycle of desperation spending: "We are watching the definition of inflationary psychology in action. We must buy players on the assumption that if you don't buy today it'll cost even more tomorrow."

"We are forced, out of a fear of failure, to do things that, in the long run, ensure our failure."

"I get depressed," says Jerry Reinsdorf, one of the owners of the Chicago White Sox. "These 26

clubs talk about how they're in a partnership, but then they act like they're out to kill each other." The clubs are "waiting for pay TV to give us a margin for error," he says. "Now, we have none. That's no way to do business."

In this dollar vortex, rich and poor are intertwined like the drowning man who drags down the life guard trying to save him. As Baltimore's general manager, Hank Peters, says, "Because of salary arbitration, everybody is linked. The salary precedents established by the few can be devastating to many."

At the bottom of the pile, where resigned-to-defeat clubs are just trying to survive, let alone compete, the wailing is just as loud.

San Diego's president, Ballard Smith, whose team has opted for a \$3-million payroll and has minimal chance of escaping the cellar, laments, "After looking at all the numbers... we're almost better off losing than winning."

Smith says that if his team suddenly started winning, it might ruin the franchise, because with salary arbitration, his payroll could go up to \$7 million in a year.

Smith doubts his market could provide the 2.5 million, customers that he says would then be needed to break even.

Smith says his franchise must draw 1,750,000 to break even on a \$3-million payroll and that "we probably won't draw more than 1 million" in 1982.

"I'm not sure we could draw 2.5 million," he says, "if we won the World Series."

Loosing Cheaply

The Expos' McHale estimates the payroll for a contending team at between \$6.5 million and \$10 million.

So, for the time being, losing cheaply may be the way to for teams like San Diego, Seattle and Minnesota to survive — in the absence of revenue sharing, especially the parceling of future cable TV cash.

When richer owners tell Smith that sharing with the baseball poor is socialism, he says he replies that "revenue sharing may be creeping socialism, but it's better than creeping bankruptcy."

"We didn't get anything out of the strike," Buzzei Bava, the conservative president of the California Angels, said recently. "Our

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'partial compensation' plan didn't do one thing."

Bavasi said some players are worth the big salaries. In the days following the signing of Reggie Jackson (for \$4 million for four years), Angel season ticket sales have jumped from 4,800 to 12,000.

"We've got three million new dollars sitting in the bank drawing interest," Bavasi said. Reggie paid for his whole contract in one week. But the price of mediocre ballplayers is killing us. A guy who's half as good as Reggie isn't worth half his salary. He doesn't get it back at the gate."

If the strike didn't solve the dollar drain, what will? Says Bavasi: "We've got to do it ourselves."

Miller thinks that's already happened — illegally. It's the height of irony that as contract figures spiral upward, Miller is screaming that the owners are "counting to hold a down bidding on free agents."

Miller admits: "I don't have the smoking gun, but I have no doubt about the collusion.... This game has existed on the basis of collusive agreements for a century — from the draft to the reserve clause."

The pattern that Miller sees, supported by circumstantial evidence, is simple. He believes that no team bidding for a free agent has offered a contract for more than three years. Furthermore, no team has offered significantly more money per year than the player's original team has offered.

Exhibit A in supporting this case is the testimony of Ron Guidry's agent, John Schneider, who says that none of the 13 teams that bid for Guidry at the winter meetings offered more than a three-year contract or more than the approximate \$1-million annual salary for which the Yankees eventually resigned the pitcher.

Miller also believes that owners are signing their own players as free agents are free, under a gentleman's agreement, to offer a contract of any length or any salary, such as Guidry's four-year deal. Also, if the team losing a free agent acknowledges it has no interest in keeping him — as the Reds did in not even trying to resign Dave Collins (who signed for five years with the Yankees) — then, once again, the bidding is open. Finally, a team re-signing its own player, or trading for a free agent, can offer the moon — as in the case of Carter, Foster and Philadelphia's Mike Schmidt (\$7.5 million for five years).

So, according to Miller, this is the scenario: The owners agreed to try to crimp free agency a tad. But because they can never agree on anything, they left loopholes. Thus, player salaries have rocketed another \$50,000 a man.

Owners vehemently deny collusion.

The pattern on free-agent signings has to do with the lower quality of this particular free-agent crop," says Frank Cashen, the New York Mets' general manager. "The idea that we're putting a cap on salaries should be completely dispelled by what's happened in the last couple of weeks."

"If we're colluding," says Reins-

dorf of the White Sox, "we're doing a hell of a bad job of it. I'm amazed at the salaries I see."

If this winter's round of salary growth is baseball's latest destabilizing news, the sport has two counterbalancing trends.

First, the preliminary, perhaps overly optimistic, reading is that fans are not nearly as bitter toward the game after the strike of '81 as it was first feared. Clubs are marveling at how little negative feedback they have been receiving and report that season and advance ticket sales are slightly better than expected.

But as Baltimore's Peters put it, "Despite our good signs, I'm still very apprehensive. The fans who

have sworn off us aren't making any noise. They're just quietly ignoring us."

Second, baseball is in the words of Smith, "finally willing to talk about its real problems... and in baseball, that's a step forward."

A Cool Approach

The 12-member restructuring committee, which has commissioned The Wharton School of Finance to study baseball, is trying to take a cool, temperate approach.

So far, most of the public talk coming out of the committee is about innocent-sounding proposals — boring but dollar-wise matters such as pooling all transportation costs, centralizing purchasing and marketing, having a director of television and such.

Even more ambitious suggestions are wrapped in lamb's clothing. George M. Steinbrenner 3d, the owner of the New York Yankees, wants a new and separate "chief executive officer" for baseball — someone with a big-business background. The Baltimore owner, Edward Bennett Williams, wants the executive council to have greater power and serve as a board of directors.

It's complex and, at this stage, vague. On each issue, according to Reinsdorf, owners line up differently, depending on what's good for them. No firm coalitions have formed.

"The one question we have to face, and we haven't faced it yet," says Smith, "is, 'Just what sort of partnership are we in?'"

That, finally, is likely to be where the "restructuring" lines are drawn — between baseball's haves and its have-nots.

As one owner puts it: "This year, we're going to have four teams — the Yankees, Phillies, Astros and Angels — with player payrolls that are bigger than the entire gross revenues of a half-dozen of our teams. That kind of imbalance can't continue."

Now, after taking a two-month strike (softened by \$50 million in insurance that won't ever be avail-



It must be (nearly) spring — why else would Rich Gossage, the star relief pitcher for the New York Yankees, be swinging a bat? The Yankees are holding workouts at Fort Lauderdale, Fla.

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able again), baseball faces the reality that almost nothing has changed.

Such glamour stars as Foster, Carter, Schmidt, Jackson, and Guidry keep gravitating to the same eight or so clubs with the biggest built-in revenue base. And, with the apparently imminent arrival of cable television in the megamarkets, the gap between clubs grossing \$25 million a year or more and those that work from a base of \$10 million or less may be widened further still.

For more than a century, baseball's ownership never has really defined the nature of its ambivalent partnership — half laissez-faire survival of the fittest, half communal comradeship. It's never been truly necessary. Now it is.

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